1775. By Mr. BRUMBAUGH: Petition of Martinsburg Sportsmen Association, Martinsburg, Pa., protesting the enactment of legislation providing for the registration of certain firearms with the Federal Bureau of Investigation; to the Committee on the Judiciary.

1776. By Mr. HOLMES of Washington: Petition of 41 patients in Veterans' Hospital, Walla Walla, Wash., urging passage of House bill 3426 providing for continued ratings of permanent and total degree where active tuberculosis has been established and to terminate reduction of pensions, compensation, or retired pay under laws administered by the Veterans' Administration in the cases of veterans without dependents who are hospitalized or domiciled; to the Committee on World War Veterans' Legislation.

1777. By the SPEAKER: Petition of the League for Columbia Valley Authority, petitioning consideration of their resolution with reference to the antilobby resolution, and requesting passage of same; to the Committee on Rules.

1778. Also, petition of the general assembly of the Federation of the Employees of the Insular Government, petitioning consideration of their resolution with reference to the political status of Puerto Rico; to the Committee on Insular Affairs.

1779. Also, petition of Mrs. Mertha Keller and others, petitioning consideration of their resolution with reference to endorsement of House bills 2229 and 2230, and Senate bills 690 and 809; to the Committee on Ways and Means.

SENATE

WEDNESDAY, APRIL 10, 1946

(Legislative day of Tuesday, March 5, 1946)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

O God our Father, Thou searcher of men's hearts, help us in this opening moment of a new day's council to draw near to Thee in tranquillity, in humility, in sincerity. Thou hast so fashioned us that when no low ceiling shuts us from the bending sky our hearts turn to Thee as gladly and naturally as summer flowers turn to the sun.

We thank Thee for friendships that enrich our lives and for duties that challenge our powers, for rainbows of radiant hope and for rosaries of precious memories, for joys that cheer us and for trials that teach us to put our trust utterly in Thee. With Thy benediction, may we face the toil of this day with honest dealing and clear thinking, with hatred of all hypocrisy, deceit, and sham, and in the knowledge that all great and noble service in this world is based on gentleness and patience and truth. In the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. THOMAS of Utah, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Tuesday, April 9, 1946, was dispensed with, and the Journal was approved.

LEAVES OF ABSENCE

The PRESIDENT pro tempore. The Chair is in receipt of a letter from the senior Senator from Georgia [Mr. GEORGE] stating that it will be necessary for him to be absent from the Senate for the next few days, and asking leave of absence from the Senate.

Without objection, the request of the Senator from Georgia will be granted.

Mr. WHERRY. Mr. President, I ask unanimous consent that the senior Senator from Indiana [Mr. WILLIS] may be granted leave of absence for the next 2 weeks. He will be absent on very important business.

The PRESIDENT pro tempore. Without objection, the request for leave of absence on behalf of the Senator from Indiana is granted.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed a bill (H. R. 5991) to simplify and improve credit services to farmers and promote farm ownership by abolishing certain agricultural lending agencies and functions, by transferring assets to the Farmers' Home Corporation, by enlarging the powers of the Farmers' Home Corporation, by authorizing Government insurance of loans to farmers, by creating preferences for loans and insured mortgages to enable veterans to acquire farms, by providing additional specific authority and directions with respect to the liquidation of resettlement projects and rural rehabilitation projects for resettlement purposes, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 565. An act to extend the privilege of retirement to the judges of the District Court for the District of Alaska, the District Court of the United States for Puerto Rico, the District Court of the Virgin Islands, and the United States District Court for the District of the Canal Zone;

S. 1298. An act to establish an office of Under Secretary of Labor, and three offices of Assistant Secretary of Labor, and to abolish the existing office of Assistant Secretary of Labor and the existing office of Second Assistant Secretary of Labor;

S. 1841. An act to amend an act entitled "An act to establish standard weights and measures for the District of Columbia; to define the duties of the Superintendent of Weights, Measures, and Markets of the District of Columbia; and for other purposes," approved March 3, 1921, as amended; and

H. J. Res. 328. Joint resolution making an additional appropriation for veterans' housing and related expenses.

CALL OF THE ROLL

Mr. THOMAS of Utah. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Bridges	Carville
Andrews	Briggs	Connally
Austin	Brooks	Cordon
Ball	Buck	Donnell
Bankhead	Bushfield	Downey
Barkley	Byrd	Ellender
Bilbo	Capehart	Fulbright
Brewster	Capper	Gerry
Gossett	McFarland	Saltonstall
Green	McKellar	Shipstead
Guffey	McMahon	Smith
Gurney	Magnuson	Stanfill
Hart	Maybank	Stewart
Hatch	Mead	Taft
Hawkes	Millikin	Taylor
Hayden	Mitchell	Thomas, Okla.
Hickenlooper	Morse	Thomas, Utah
Hoey	Murdock	Tunnell
Johnson, Colo.	Murray	Vandenberg
Johnston, S. C.	O'Daniel	Wagner
Kilgore	O'Mahoney	Wheeler
Knowland	Overton	Wherry
La Follette	Pepper	Wiley
Langer	Reed	Wilson
McCarran	Revercomb	Young
McClellan	Robertson	

Mr. BARKLEY. I announce that the Senator from North Carolina [Mr. BAILEY] and the Senator from Virginia [Mr. GLASS] are absent because of illness.

The Senator from Alabama [Mr. HILL] and the Senator from Ohio [Mr. HUFFMAN] are absent because of deaths in their families.

The Senator from Georgia [Mr. GEORGE] is absent by leave of the Senate.

The Senator from Maryland [Mr. TYDINGS] is necessarily absent.

The Senator from Mississippi [Mr. EASTLAND], the Senator from Illinois [Mr. LUCAS], the Senator from Maryland [Mr. RADCLIFFE], and the Senator from Georgia [Mr. RUSSELL] are detained on public business.

The Senator from New Mexico [Mr. CHAVEZ] is absent on official business.

The Senator from Pennsylvania [Mr. MYERS] and the Senator from Massachusetts [Mr. WALSH] are absent on official business as members of the Board of Visitors to the Naval Academy.

Mr. WHERRY. The Senator from Nebraska [Mr. BUTLER], the Senator from Oklahoma [Mr. MOORE], and the Senator from Indiana [Mr. WILLIS] are absent by leave of the Senate.

The Senator from New Hampshire [Mr. TOBEY] is absent on official business.

The Senator from Michigan [Mr. FERGUSON] is necessarily absent.

The PRESIDENT pro tempore. Seventy-seven Senators have answered to their names. A quorum is present.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

PENALTY MAIL MATTERS

A letter from the Acting Postmaster General, transmitting, pursuant to section 2 (b) of Public Law 364, approved June 28, 1944, a tabulation showing the number of envelopes, labels, and other penalty inscribed material on hand and on order June 30, 1945; the number of pieces procured; the estimated mailings, and the estimated cost, by departments and agencies, for the period July 1 to December 31, 1945 (with an accompanying paper); to the Committee on Post Offices and Post Roads.

DISPOSAL OF MATERIALS OR RESOURCES ON CERTAIN PUBLIC LANDS

A letter from the Secretary of the Interior, transmitting a draft of proposed legislation to provide for the disposal of materials or resources on the public lands of the United States which are under the exclusive jurisdiction of the Secretary of the Interior (with an accompanying paper); to the Committee on Public Lands and Surveys.

AMENDMENT OF SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT

A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation

to amend section 17 (a) of the Soil Conservation and Domestic Allotment Act (49 Stat. 1151) (with an accompanying paper); to the Committee on Agriculture and Forestry.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the PRESIDENT pro tempore:

A resolution of the Legislature of the State of New York; to the Committee on Post Offices and Post Roads:

"Whereas in December 1945 there was introduced in the House of Representatives H. R. 5059 and in the United States Senate S. 1715, providing for temporary additional compensation for postmasters and employees of the postal service; and

"Whereas these faithful public servants, whose services are at times performed under the most trying difficulties, have not adequately been compensated for their services and in spite of the additional demands made upon them as a result of increased communications resulting from the war, they have devoted themselves cheerfully to the tasks of seeing that the mails go through; and

"Whereas provisions have been made for other public employees for increased salaries so as to maintain a decent living standard under the greatly increased cost of living and the postal employees, who are a part of our everyday life, have not been given the same consideration as other Federal employees; and

"Whereas the postal revenues have increased to such an extent that the postal service is showing a substantial profit, due largely to the faithful employees who have assumed the additional burden of those in the service who have joined armed forces: Now, therefore, be it

"*Resolved* (*if the senate concur*), That the Congress of the United States be and it hereby is respectfully memorialized to speedily amend and enact H. R. 5059 and S. 1715 or other legislation to the end that additional permanent compensation in the sum of $500 per annum be provided for postal employees; and be it further

"*Resolved* (*if the senate concur*), That a copy of this resolution be transmitted to the President and Secretary of the Senate, to the Speaker and Clerk of the House of Representatives, and to each Member of Congress elected from the State of New York."

By Mr. SALTONSTALL (for himself and Mr. WALSH):

Resolutions of the General Court of the Commonwealth of Massachusetts; to the Committee on Military Affairs:

"Resolution memorializing Congress relative to providing for the maintenance by the Federal Government of Camp Edwards in this Commonwealth for the hospitalization of war veterans and as a place for their convalescence and recreation

"*Resolved*, That the General Court of Massachusetts urges the Congress to take immediately such action as may be necessary to provide for the continued use of Camp Edwards in this Commonwealth by the Federal Government by maintaining the facilities at said camp for the hospitalization of war veterans and as a place for their convalescence and recreation; and be it further

"*Resolved*, That copies of these resolutions be sent forthwith by the State Secretary to the President of the United States, to the Secretary of War, to the Presiding Officer of each branch of Congress, and to the Members thereof from this Commonwealth."

(The PRESIDENT pro tempore laid before the Senate resolutions of the General Court of the Commonwealth of Massachusetts identical with the foregoing, which were referred to the Committee on Military Affairs.)

Resolutions of the General Court of the Commonwealth of Massachusetts; to the Committee on Finance:

"Resolution memorializing Congress in favor of extending the benefits of the GI bill of rights, so-called, to persons who served in the merchant marine of the United States during World War II

"*Resolved*, That the General Court of Massachusetts hereby urges the Congress of the United States to extend the benefits provided by the Federal law known as the Servicemen's Readjustment Act of 1944, and also called the GI bill of rights, to persons who served in the merchant marine of the United States during World War II; and be it further

"*Resolved*, That copies of these resolutions be sent forthwith by the Secretary of the Commonwealth to the President of the United States, to the Presiding Officer of each branch of Congress, and to the Members thereof from this Commonwealth."

(The PRESIDENT pro tempore laid before the Senate resolutions of the General Court of the Commonwealth of Massachusetts identical with the foregoing, which were referred to the Committee on Finance.)

Resolutions of the General Court of the Commonwealth of Massachusetts; to the Committee on the Judiciary:

"Resolution memorializing Congress to adopt an adequate anti-poll-tax bill

"Whereas there exists in a number of the States of this Nation a policy of requiring payment of cumulative poll taxes as a condition to the right of citizens to vote; and

"Whereas the vast proportion of the citizens, many millions in number, both white and colored, are prevented from exercising their right of franchise because of poverty; and

"Whereas the governments of these several States have done nothing to alleviate this undemocratic situation: Therefore be it

"*Resolved*, That the General Court of Massachusetts urges the Congress of the United States to adopt an adequate anti-poll-tax law which would remove forever the vicious poll-tax system which has now and for many years deprived millions of our citizens of their constitutional right to vote; and be it further

"*Resolved*, That copies of these resolutions be sent forthwith by the secretary of the Commonwealth to the President of the United States, to the Presiding Officer of each branch of Congress, and to the Members thereof from this Commonwealth."

(The PRESIDENT pro tempore laid before the Senate resolutions of the General Court of the Commonwealth of Massachusetts identical with the foregoing, which were referred to the Committee on the Judiciary.)

COMPULSORY MILITARY TRAINING—EXTENSION OF DRAFT LAW

Mr. CAPPER. Mr. President, I have received many letters on the question of peacetime compulsory military training and the extension of the present draft law. Among them is a letter from the Reverend A. B. Madison, of the First Methodist Church, Minneapolis, Kans., in which he gives several excellent reasons why he is opposed to a continuation of the draft and the institution of a policy of compulsory military training in this country. I ask unanimous consent to present the letter for appropriate reference and that it be printed in the RECORD.

There being no objection, the letter was received, referred to the Committee on Military Affairs, and ordered to be printed in the RECORD, as follows:

THE FIRST METHODIST CHURCH,
Minneapolis, Kans.

Senator ARTHUR CAPPER,
United States Senate, Washington, D. C.

MY DEAR SENATOR: I want to commend you on your views, expressed publicly on the matter of universal military training. It appears now that the strategy of the administration and the military forces is to get the present draft measure extended.

I am unalterably opposed to universal military training and I am likewise opposed on most counts to any extension of the present draft law.

Concerning the whole matter of military training, I quote Francis Bacon who wrote The Greatness of Kingdoms. He said "Walled towns, stored arsenals, goodly races of horses, chariots of war, and all such like is as a sheep in a lion's skin unless the breed and disposition of the people is strong. Numbers mean nothing if the people are of weak courage, for as Virgil saith, 'it never troubles a wolf how many sheep there be.'"

Militarism, at best, makes sheep of us. The strength of the British and American nations in the past has been due to the character and quality of its citizens. Militarism will destroy that strength—as it has destroyed it in all nations, save Russia, which has tried it.

It seems strange that we could rise to such strength and greatness, surrounded by powerful nations, and now when we stand supreme, with only one possible nation to threaten, we need peacetime military training. Have we not learned from the nations who followed that road? Where are the nations which regimented and militarized their citizens until they goose-stepped to every command, right or wrong, of their rulers?

Indeed, "It never troubles a wolf how many sheep there be." Would we not prefer a few Patrick Henry's than all the armed sheep one could command?

Specifically, as concerns the imminent attempt to extend the draft law, I have this to say:

If granted, it will lead eventually to universal military training.

It takes men too young. Eighteen-year-old boys are hardly third-grade troops. One-third as many of more mature age would be more effective, especially to do the police duty now required of our forces.

If these boys are not required for some real active duty, then to herd them in camps will mean serious deterioration. Inactive men rot.

I served in World War I. My Tenth Division paraded before you, Senator, with Gen. Leonard Wood at Camp Funston. I know of moral conditions.

Now, my GI friends and chaplains report that moral conditions during this war are much worse. Fathers and mothers bitterly resist loaning their sons to the military to have them subjected to every evil moral influence which predatory evil and indecency can devise.

I trust therefore, my dear Senator, that you will use all of your influence against extending the present draft law, imposing universal military training, or allowing to be fastened upon this Nation the curse of Europe without which, during its history, our Nation has been able to attain its present place of supreme power and leadership.

Respectfully yours,

A. B. MADISON.

INCREASE IN PRICE OF MILK—PETITION

Mr. REED. Mr. President, I ask unanimous consent to present for appropriate reference and to have printed in

the RECORD, as a part of my remarks, a petition signed by William A. Miller, and 17 other dairymen of Wellington, Sumner County, Kans., in which they request the Office of Price Administration, a living price be paid to milk producers.

There being no objection, the petition was received, referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

APRIL 5, 1946.

THE REGIONAL DIRECTOR, OFFICE OF PRICE ADMINISTRATION,
Fidelity Building, Dallas, Tex.

DEAR SIR: We, the undersigned, producers of grade-A milk for the city of Wellington, Sumner County, Kans., respectfully petition the Office of Price Administration, for a raise in the prices paid to milk producers.

The present price ceilings are discouraging grade-A milk production because:

1. No price differential between grade-A and grade-C milk (uninspected).

2. Wichita, which is in the same area as Wellington, is paying $3.65 per hundredweight of milk testing 3.8 percent butterfat.

3. Wellington is paying $3.35 per hundredweight of milk testing 4 percent butterfat.

Wellington is our trade center, and the natural market for our production. We prefer to sell to Wellington distributors if the price differential is removed.

In order that we continue producing grade-A milk for the city of Wellington, we request a price change for milk, equal to the Wichita milkshed ($3.65 per hundred).

BALANCING THE BUDGET

Mr. LANGER. Mr. President, I ask unanimous consent to present for appropriate reference and printing in the RECORD a resolution adopted by the board of directors of the North Dakota Taxpayers' Association in which they request a balanced Federal Budget.

There being no objection, the resolution was received, referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

Whereas we firmly believe that sooner or later the Federal Government must balance its Budget and return to a period of pay-as-you-go, or the result will be national bankruptcy and financial chaos; and

Whereas we firmly believe that the time has come when the Federal Budget can be balanced and national finances placed on a sound basis; and

Whereas 16 prominent leaders in Congress, both Democrats and Republicans, did, on March 3, issue a statement insisting that the present Budget for the period from July 1, 1946, to July 1, 1947, be balanced; Now, therefore, it is

Resolved unanimously by the board of directors of the North Dakota Taxpayers Association, That the action of the 16 congressional leaders receive our heartiest commendation;

That the Senators and Congressmen from North Dakota be urged to join in the movement for a balanced Federal Budget;

And that a copy of this resolution be forwarded to North Dakota's two Senators and two Congressmen.

PLACING OF NATIONAL FARM LOAN ASSOCIATION EMPLOYEES UNDER CIVIL-SERVICE RETIREMENT

Mr. LANGER. Mr. President, I ask unanimous consent to present for appropriate reference and to have printed in the RECORD a letter from C. H. Erbele, secretary-treasurer, Grandnel National Farm Loan Association, Larimore, N. Dak., relating to the placing of National Farm Loan Association employees under civil-service retirement.

There being no objection, the letter was received, referred to the Committee on Civil Service, and ordered to be printed in the RECORD, as follows:

GRANDNEL NATIONAL FARM LOAN ASSOCIATION,
Larimore, N. Dak., March 28, 1946.

Hon. WILLIAM LANGER,
Senator, Washington, D. C.

DEAR MR. LANGER: Some time ago I wrote to you regarding putting National Farm Loan Association employees under the Civil Service Retirement Act provisions. Since then you have introduced a bill to do this and I want to thank you for your efforts.

Last week the secretary-treasurers of the Federal land bank, St. Paul district, met in St. Paul. At that meeting we unanimously passed the following resolution:

"Whereas national farm loan associations are an integral part of the Federal Land Bank System, and are wholly and entirely subject to the supervisory authority of the Farm Credit Administration; and

"Whereas by an act of Congress, passed January 24, 1942, the employees of the Federal land banks were covered under the Civil Service Retirement Act (sec. 3 (a)); and

"Whereas employees of national farm loan associations, most of whom have been in the employ of these associations for more than 12 years, are not covered by any system of retirement benefits: Therefore be it

"Resolved by all secretary-treasurers of the seventh farm credit district in a conference assembled at St. Paul, Minn., on the 20th day of March 1946, That we urge the speedy enactment by the Congress of legislation which shall provide for the inclusion of all the employees of national farm loan associations under the same provisions for civil-service retirement benefits as are now accorded to the employees of the Federal land banks; and be it further

"Resolved, That a copy of this resolution be forwarded to all United States Senators and Members of Congress from the States of North Dakota, Minnesota, Wisconsin, and Michigan."

We believe that employees of national farm loan associations and production credit associations should have some form of retirement provision and we feel that civil-service retirement would best fit.

Anything that you can do to further this aim will be sincerely appreciated. We know that you are for this and hope that some action will be taken by Congress.

Thank you.

Yours very truly,

C. H. ERBELE,
Secretary-Treasurer.

CONTINUATION OF FARM SECURITY ADMINISTRATION

Mr. LANGER. Mr. President, I ask unanimous consent to present for appropriate reference and to have printed in the RECORD a resolution adopted by the board of directors of the Devils Lake (N. Dak.) Chamber of Commerce, favoring the continuation of the Farm Security Administration.

There being no objection, the resolution was received, referred to the Committee on Agriculture and Forestry, and ordered to be printed in the RECORD, as follows:

Whereas it has come to our attention that allocated funds to the Farm Security Administration are virtually depleted; and

Whereas the board of directors of the Devils Lake Chamber of Commerce believes that the Farm Security Administration has been an important contributing factor toward extending loans to veterans of World War II for the purpose of establishing themselves on farms or farm projects; and

Whereas, if this Administration should become inactive through lack of funds, it would result in creation of a great injustice to those veterans who desire to avail themselves of this service: Now, therefore, be it

Resolved, by the board of directors of the Devils Lake Chamber of Commerce, in regular meeting in Devils Lake, N. Dak., on this 19th day of March 1946, That the Congress of the United States be urged to appropriate necessary funds for the efficient continuation of the Farm Security Administration; be it further

Resolved, That copies of this resolution be sent to all North Dakota Members of the Congress of the United States and to the Chairmen of the Appropriations Committees of the United States Senate and House of Representatives, and that copies be furnished to Walter J. Maddock, State director of the Farm Security Administration, Bismarck, N. Dak., and to the press.

LYLE HARRINGTON,
President.
DONALD J. DONAHUE,
Secretary.

Adopted March 19, 1946.

APPEAL BY INDEPENDENT DAIRY OPERATORS IN CHICAGO (ILL.) MARKETING AREA

Mr. BROOKS. Mr. President, Mr. H. J. Ward, secretary, Chicago Milk Dealers Association, 6607 Greenwood Avenue, Chicago, has handed to me an appeal signed by members of independent dairy operators in the Chicago (Ill.) marketing area. They requested the incorporation of this appeal of independent dairy operators in the CONGRESSIONAL RECORD, and I accordingly submit it for the consideration of the Senate and ask that it be inserted in the RECORD following my remarks.

There being no objection, the appeal was received and ordered to be printed in the RECORD, as follows:

CHICAGO, ILL., *March 12, 1946.*

To the Congressmen of the United States of America.

HONORABLE CONGRESSMEN: As businessmen affected by the rules and regulations of the Office of Price Administration and the Federal Market Administration, we need your help in securing relief from this oppressive and autocratic governmental imposition.

We, a group of independent dairy operators in the Chicago marketing area, have experienced several years of financially unprofitable, industrially unsound and undesirable regulations under the complicated orders of the above-named governmental agencies. Now we are faced with extinction unless relief is granted. Not only have we suffered because of the orders and regulations but also because of the inefficient confusion and arbitrary policies of the above-named agencies. We call your attention to the substantiating fact that 32 dairies, well-established businesses representing the true American principles of individual enterprise, have been unable to continue operations in a vital health product largely because of the oppressiveness of the above-named agencies. The survivors carry the heavy burden of the cost of operation of the governmental regulations with no benefit to the individual businessman, to the industry in the area, to the industry as a whole throughout the country or to the general public from a social-welfare viewpoint.

Under the Federal Milk Market Administration in the Chicago area, the price of milk has increased; the cost of other supplies, bottles and machinery have also increased. Under another governmental regulation the drivers have been given an increase in wages, also an increase has been granted inside workmen, and another increase is now being asked. Under the Office of Price Administration, the price of milk and its products have been held at a ceiling which makes it impossible to operate (one example, for instance, is outter).

We do not propose to criticize and not to suggest. We believe no milk-market administration is necessary, as this only imposes false economy upon an otherwise healthy industry, well regulated by the laws of supply and demand. However, we believe that if the President deems Federal regulation of milk and its allied products in the Chicago area is essential to fair treatment of the producers, fair regulations or orders simple, reasonable, and sound should be submitted to correct the glaring economic mistakes now existing, and now driving individuals out of their established business. The same suggestion in our mind is applicable to the Office of Price Administration.

We will be pleased to have your assistance in every way possible toward the alleviation of the difficulties we now face.

Sincerely yours.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ROBERTSON, from the Committee on Commerce:

S. 1834. A bill granting the consent of Congress to the Iowa State Highway Commission to construct and maintain a free bridge across the Des Moines River at the town of Farmington, Iowa; with amendments (Rept. No. 1143).

By Mr. WALSH, from the Committee on Finance:

H. R. 5856. A bill to provide for trade relations between the United States and the Philippines, and for other purposes; with amendments (Rept. No. 1145).

By Mr. JOHNSTON of South Carolina, from the Committee on Claims:

H. R. 1235. A bill for the relief of John Bell; without amendment (Rept. No. 1146);

H. R. 1262. A bill for the relief of W. E. Noah; without amendment (Rept. No. 1147);

H. R. 1759. A bill for the relief of Mildred Neiffer; without amendment (Rept. No. 1148);

H. R. 2217. A bill for the relief of Rae Glauber; without amendment (Rept. No. 1149);

H. R. 2331. A bill for the relief of Mrs. Grant Logan; without amendment (Rept. No. 1150);

H. R. 2509. A bill for the relief of the legal guardian of James Irving Martin, a minor; without amendment (Rept. No. 1151); and

H. R. 2682. A bill for the relief of John Doshim; without amendment (Rept. No. 1152).

By Mr. ELLENDER, from the Committee on Claims:

S. 1201. A bill for the relief of Arthur F. Downs; with amendments (Rept. No. 1153);

S. 1742. A bill for the relief of Socony-Vacuum Oil Co.; without amendment (Rept. No. 1154);

H. R. 988. A bill for the relief of Bernice B. Cooper, junior clerk-typist, Weatherford, Tex., Rural Rehabilitation Office, Farm Security Administration, Department of Agriculture; without amendment (Rept. No. 1155);

H. R. 1269. A bill for the relief of Virge McClure; without amendment (Rept. No. 1156);

H. R. 2156. A bill for the relief of Lee Harrison; without amendment (Rept. No. 1157);

H. R. 2885. A bill for the relief of Mrs. Frank Mitchell and J. L. Price; without amendment (Rept. No. 1158);

H. R. 2904. A bill for the relief of Clyde Rownd, Della Rownd, and Benjamin C. Day; without amendment (Rept. No. 1159);

H. R. 3161. A bill for the relief of Mrs. Ruby Miller; without amendment (Rept. No. 1160);

H. R. 3217. A bill for the relief of Mattie Lee Wright; without amendment (Rept. No. 1161);

H. R. 3483. A bill for the relief of Mr. and Mrs. Cipriano Vasquez; without amendment (Rept. No. 1162);

H. R. 3591. A bill for the relief of Addie Pruitt; without amendment (Rept. No. 1163);

H. R. 3846. A bill for the relief of the estate of Eleanor Wilson Lynde, deceased; without amendment (Rept. No. 1164); and

H. R. 3948. A bill for the relief of Mrs. Clifford W. Prevatt; without amendment (Rept. No. 1165).

By Mr. RADCLIFFE, from the Committee on Commerce:

H. R. 5316. A bill to repeal the law permitting vessels of Canadian registry to transport iron ore between United States ports on the Great Lakes; without amendment (Rept. No. 1166).

LOAN TO GREAT BRITAIN—REPORT OF COMMITTEE ON BANKING AND CURRENCY

Mr. BARKLEY. Mr. President, from the Committee on Banking and Currency, I ask unanimous consent to report favorably with an amendment Senate Joint Resolution 138, to implement further the purposes of the Bretton Woods Agreement Act by authorizing the Secretary of the Treasury to carry out an agreement with the United Kingdom, which is ordinarily referred to as the British loan, and I submit a report (No. 1144) thereon.

I wish to state to the Senate that the report I am submitting in connection with the joint resolution is quite comprehensive, and it will be, I think, available to Senators tomorrow. I hope Senators will study the provisions of the joint resolution as well as the statements in the report. I wish to state further that when the bill now under consideration is concluded, which will be followed by the next housing bill, that is, the Wagner-Ellender-Taft bill, I wish to follow that by having the Senate take up for consideration next week the joint resolution providing for the British loan.

The PRESIDENT pro tempore. Without objection, the report submitted by the Senator from Kentucky will be received, and the joint resolution will be placed on the calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. KILGORE:

S. 2048. A bill granting an increase of pension to Charles D. Booth; to the Committee on Pensions.

By Mr. THOMAS of Oklahoma:

S. 2049. A bill to amend section 508 (d) of the Federal Crop Insurance Act (7 U. S. C. 1508 (d), 52 Stat. 75) as amended; and

S. 2050. A bill to amend section 508 (a) of the Federal Crop Insurance Act (7 U. S. C. 1508 (a), 52 Stat. 75) as amended; to the Committee on Agriculture and Forestry.

By Mr. McCARRAN:

S. 2051. A bill to amend the Longshoremen's and Harbor Workers' Compensation Act; to the Committee on the Judiciary.

By Mr. BRIGGS:

S. 2052. A bill to establish a national memorial forest park in the State of Missouri as a memorial to World War II veterans; to the Committee on Public Lands and Surveys.

By Mr. McFARLAND (for himself and Mr. McCARRAN):

S. 2053. A bill to incorporate the Amvets, American Veterans of World War II; to the Committee on the Judiciary.

FEDERAL AID TO STATE OR TERRITORIAL HOMES FOR SUPPORT OF DISABLED SOLDIERS AND SAILORS—AMENDMENTS

Mr. WALSH submitted amendments intended to be proposed by him to the bill (S. 1845) to increase the amount of Federal aid to State or Territorial homes for the support of disabled soldiers and sailors of the United States, which were referred to the Committee on Military Affairs and ordered to be printed.

REEMPLOYMENT RIGHTS OF VETERANS UNDER SELECTIVE SERVICE AND TRAINING ACT OF 1940—AMENDMENT

Mr. JOHNSON of Colorado submitted an amendment intended to be proposed by him to the bill (S. 1823) to provide for continuing the reemployment rights of veterans under the Selective Training and Service Act of 1940, as amended, and for other purposes, which was referred to the Committee on Military Affairs, ordered to be printed, and to be printed in the RECORD, as follows:

At the proper place insert the following additional section:

"SEC. —. The sixth proviso contained in section 3 (a) of the Selective Training and Service Act of 1940, as amended, is amended to read as follows: '*Provided further*, That (1) on July 1, 1946, the number of men in active service in the Army shall not exceed 1,550,000 and such number shall be reduced at an average monthly rate of 40,000 a month for the 12 months following such date; (2) on July 1, 1947, the number of men in active service in the Navy shall not exceed 558,000, and the number of men in active service in the Marine Corps shall not exceed 108,000; and (3) until May 15, 1947, the monthly requisitions on selective service under this act by the Secretary of War and the Secretary of the Navy shall not exceed the number of men required after consideration of the actual number of volunteer enlistments obtained during the preceding month. The men inducted into the land or naval forces for training and service under this act shall be assigned to camps or units of such forces.'"

HOUSE BILL REFERRED

The bill (H. R. 5991) to simplify and improve credit services to farmers and promote farm ownership by abolishing certain agricultural lending agencies and functions, by transferring assets to the Farmers' Home Corporation, by enlarging the powers of the Farmers' Home Corporation, by authorizing Government insurance of loans to farmers, by creating preferences for loans and insured mortgages to enable veterans to acquire farms, by providing additional specific authority and directions with respect to the liquidation of resettlement projects and rural rehabilitation projects for resettlement purposes, and for

other purposes, was read twice by its title and referred to the Committee on Agriculture and Forestry.

ADOPTION OF PROVISIONS IN STATE DEPARTMENT REPORT ON ATOMIC ENERGY

Mr. MITCHELL (for himself, Mr. KILGORE, Mr. FULBRIGHT, and Mr. MORSE) submitted the following resolution (S. Res. 255), which was referred to the Special Committee on Atomic Energy:

Whereas the Secretary of State's Committee on Atomic Energy has issued a report outlining a feasible method for the control of the production of atomic energy by all nations;

Whereas this recommended method does not entail the surrender of any atomic bomb secrets until effective international control protecting all humanity is assured.

Whereas available evidence indicates that prevention of atomic warfare is the only effective defense against the destructive force of the atomic bomb;

Whereas no nation can be secure when the scientists and industrialists of all nations are free to discover and make atomic bombs;

Whereas it is necessary to end all competition between nations to make bigger and more destructive atomic bombs: Therefore, be it

Resolved, That it is the sense of the Senate that the security of the United States and of all nations requires prompt action on an international basis to give effect to the proposals embodied in the State Department publication entitled "A Report on the International Control of Atomic Energy," and that negotiations within the United Nations be undertaken immediately upon the basis of the report to the end that its provisions be adopted and a realistic hope of peace be substituted for the present universal fear of mass annihilation through atomic war.

RECOMMITTAL OF A BILL

Mr. ELLENDER. Mr. President, I move that the bill (H. R. 2091) for the relief of Joseph E. Bennett, be taken from the calendar and recommitted to the Committee on Claims.

The motion was agreed to.

GUARANTEE AGAINST WAR—A PEACETIME ARMY—ARTICLE BY SENATOR THOMAS OF UTAH

[Mr. THOMAS of Utah asked and obtained leave to have printed in the RECORD an article entitled "Guarantee Against War—A Peacetime Army," written by him and published in the Army Day Review of April 6, 1946, which appears in the Appendix.]

SITTING DUCKS IN OUR AIR FORCES—ARTICLE BY SENATOR THOMAS OF UTAH

[Mr. THOMAS of Utah asked and obtained leave to have printed in the RECORD an article entitled "Sitting Ducks in Our Air Forces," written by him and published in the April issue of the Amerigan magazine, which appears in the Appendix.]

HOW GOOD ARE THE SCHOOLS IN YOUR STATES?—ARTICLE BY DR. JOHN W. STUDEBAKER

[Mr. THOMAS of Utah asked and obtained leave to have printed in the RECORD an article entitled "How Good Are the Schools in Your State?" written by Dr. John W. Studebaker, commissioner of education, and published in the April issue of the American magazine, which appears in the Appendix.]

REORGANIZATION OF CONGRESS

[Mr. THOMAS of Utah asked and obtained leave to have printed in the RECORD an editorial from the Pioneer Press of St. Paul, Minn., of the issue of March 6, 1946, entitled "For a Modernized Congress"; an editorial from the Cedar Rapids (Iowa) Gazette, of March 6, 1946, entitled "Right Direction"; an editorial from the Lewiston (Idaho) Tribune of March 11, 1946, entitled "Reorganizing Congress," and an editorial from the Salt Lake City Tribune of March 10, 1946, entitled "Antiquated Legislative Machinery May Finally Be Modernized," which appear in the Appendix.]

EXTENSION OF SELECTIVE SERVICE—ADDRESS BY SENATOR JOHNSON OF COLORADO AND EDITORIAL COMMENT

[Mr. JOHNSON of Colorado asked and obtained leave to have printed in the RECORD a radio address delivered by him on April 9, 1946, together with an editorial from the Washington Post of April 2, 1946, and an article by Thomas L. Stokes, published in the Washington Daily News of April 8, 1946, dealing with the subject of extension of selective service, which appear in the Appendix.]

SOIL CONSERVATION IN CONNECTICUT—ADDRESS BY SENATOR McMAHON

[Mr. McMAHON asked and obtained leave to have printed in the RECORD a radio address entitled "Soil Conservation in Connecticut," delivered by him on April 9, 1946, which appears in the Appendix.]

FOOD FOR FREEDOM—ADDRESS BY GORDON ROTH

[Mr. LANGER asked and obtained leave to have printed in the RECORD a radio address delivered by Gordon Roth, director of public relations, Farmers Union Grain Terminal Association, on the Food for Freedom program, March 31, 1946, which appears in the Appendix.]

A. F. OF L. LABOR STATESMANSHIP PAYS OFF—ADDRESS BY W. C. DOHERTY

[Mr. LANGER asked and obtained leave to have printed in the RECORD an address entitled "A. F. of L. Labor Statesmanship Pays Off," delivered by W. C. Doherty, vice president of the American Federation of Labor, on February 28, 1946, which appears in the Appendix.]

REAL LABOR STATESMANSHIP—EDITORIAL FROM COLLIER'S MAGAZINE

[Mr. LANGER asked and obtained leave to have printed in the RECORD an editorial entitled "Real Labor Statesmanship," published in Collier's magazine for April 13, 1946, which appears in the Appendix.]

ARMY'S NEEDS ARE MODESTLY ESTIMATED—ARTICLE BY ARTHUR KROCK

[Mr. AUSTIN asked and obtained leave to have printed in the RECORD an article entitled "Army's Needs Are Modestly Estimated," written by Arthur Krock and published in the New York Times of April 9, 1946, which appears in the Appendix.]

THE CONSERVATIVE SOUTH: A POLITICAL MYTH—ARTICLE BY WILLIAM G. CARLETON

[Mr. PEPPER asked and obtained leave to have printed in the RECORD an article entitled "The Conservative South: A Political Myth," by William G. Carleton, published in the spring issue of the Virginia Quarterly Review, which appears in the Appendix.]

VETERANS' EMERGENCY HOUSING ACT OF 1946

The Senate resumed consideration of the bill (H. R. 4761) to amend the National Housing Act by adding thereto a new title relating to the prevention of speculation and excessive profits in the sale of housing, and to insure the availability of real estate for housing purposes at fair and reasonable prices, and for other purposes.

The question is on agreeing to the amendment of the Senator from West Virginia [Mr. REVERCOMB] to strike out section 3 (a) on page 24. Without objection, the language proposed to be stricken will be printed in the RECORD at this point.

The section proposed to be stricken out by Mr. REVERCOMB is as follows:

SEC. 3. (a) Whenever in the judgment of the Expediter the sales prices of housing accommodations or unimproved lands (as defined in paragraph (e) of section 8) have risen or threaten to rise to an extent or in a manner inconsistent with the purposes of this act, he may by regulation or order establish maximum sales prices for such housing accommodations or unimproved lands in accordance with the provisions of this act. Any such regulations or order may be limited in its scope to such geographical area or areas and to such types or classifications of such housing accommodations or unimproved lands as in the judgment of the Expediter may be necessary to effectuate the purposes of this act. Before issuing any regulation or order under this section, the Expediter shall, so far as practicable, advise and consult with representative members of industries affected by such regulation or order, and he shall give consideration to their recommendations and to any recommendations which may be made by State and local officials concerned with housing conditions in any area affected by such regulation or order.

Mr. REVERCOMB. Mr. President, yesterday I offered an amendment to strike out section 3 (a) of the pending bill. The effect of striking out that section would be to eliminate the power proposed to be given to the Expediter to place a ceiling price on the sale of houses. I desire to perfect my amendment by asking that section 3 be stricken out, and in lieu thereof to insert the section dealing with this subject which came over from the House of Representatives and which has been passed by the House. I send the perfecting amendment to the desk and ask that it be stated.

The PRESIDENT pro tempore. The Senator has the right to perfect his amendment. The perfecting amendment will be stated.

The CHIEF CLERK. It is proposed to strike out section 3, on pages 24, 25, 26, and 27, and to insert in lieu thereof subsections (a), (b), (c), and (d) of section 703 appearing on pages 6, 7, 8, and 9 of the printed bill now before the Senate, as follows:

SEC. 703. (a) Whenever in the judgment of the Expediter the sales prices of housing accommodations the construction of which is completed after the effective date of this title have risen or threaten to rise to an extent or in a manner inconsistent with the purposes of this act, he may by regulation or order establish maximum sales prices for such housing accommodations in accordance with the provisions of this title. Any such regulation or order may be limited in its scope to such geographical area or areas and to such types or classifications of such housing accommodations as in the judgment of the

Expediter may be necessary to effectuate the purposes of this title. Before issuing any regulation or order under this section, the Expediter shall, so far as practicable, advise and consult with representative members of industries affected by such regulation or order, and he shall give consideration to their recommendations and to any recommendations which may be made by State and local officials concerned with housing conditions in any area affected by such regulation or order.

(b) Any regulation or order issued under the authority of this section with respect to housing accommodations the construction of which is completed after the effective date of this title shall provide that no sale of any such housing accommodations shall take place until after the builder thereof has filed with the appropriate agency designated by the Expediter a description of such accommodations, including a statement of the proposed maximum sales price, and has received from such agency a certification that such price is reasonably related to the value of the accommodations to be sold, taking into consideration (1) reasonable construction costs not in excess of the legal maximum prices of the materials and services required for the construction, (2) the fair market value of the land (immediately prior to construction) and improvements sold with the housing accommodations, and (3) a margin of profit reflecting the generally prevailing profit margin upon comparable units during the calendar year 1941. Any prospective seller of such housing accommodations may apply for such certification at any time, including before the commencement of construction, during its progress, or after its completion. In any case where a certification of approval of a proposed maximum sales price has been issued prior to the completion of construction, the prospective seller may, at any time before the first sale, apply for such revision of the maximum sales price previously certified as may be justified by a showing of special circumstances arising during the course of construction and not reasonably to have been anticipated at the time of the issuance of the earlier certification. The first sale of housing accommodations the construction of which is completed after the effective date of this title shall not be made at a price in excess of the maximum sales price certified under this subsection. The actual price at which any such housing accommodations is first sold, plus any increases authorized pursuant to subsection (c), shall be the maximum sales price for any subsequent sale of such housing accommodations.

(c) The Expediter shall by regulation or order provide for appropriate price increases for major structural changes or improvements, not including ordinary maintenance and repair, effected subsequent to the first sale after the effective date of this title.

(d) The Expediter may promulgate such regulations as he deems necessary and proper to carry out any of the provisions of the title and may exercise any power or authority conferred upon him by this title through such department, agency, or officer as he shall direct. Any regulation or order under this title may contain such classifications and differentiations and may provide for such adjustments and reasonable exceptions as in the judgment of the Expediter are necessary or proper in order to effectuate the purposes of this title. The Expediter shall have power to forbid the export of any lumber or other materials to any foreign country which are needed for the housing program.

Mr. REVERCOMB. Mr. President, the whole effect of this modification of the amendment is that it would permit ceilings to be placed on new houses built under the Government-aid plan, but it would not permit the Expediter to place ceiling prices on dwellings and houses that are in existence at this time.

I think the Senate fully understands the situation. I do not believe the amendment need be a subject of long discussion, certainly not on my part, after I have called to the attention of the Senate its meaning and intent. I may say that if section 3 is enacted into law the Expediter is given the unusual power, the most far-reaching power I think ever given to any single Government official, to determine what property shall be brought under this act or under his control, and under price-fixing, and then to say that the first sale price of a dwelling shall be fixed as the resale price. After the first sale, during the time this bill remains in effect, regardless of how long a person may own the property, regardless of how much a prospective purchaser may desire it, the owner cannot sell for any more than he paid for it. I think that is a power Congress does not intend to give to any man.

However much those on the administrative side may desire to exercise controls over the people of this country, I certainly do not believe that in the case of dwelling houses already constructed, houses built by the people with their own money and representing their invested capital, there should be any curtailment or block upon them in dealing with and trading in the properties which they own. I can understand with respect to new houses built under this plan, for whose construction the Government is expending a large sum of money, that there may be some reason for giving the power to limit the sale price of such houses, so that the Government may hold prices in line. For my part, I would prefer that this power be not given with respect to any property; but some feel that it should apply with respect to new dwellings which may be built hereafter.

I am asking that the view be taken which was taken by the House of Representatives when this subject was before the House and the bill was passed. The House of Representatives took the position that the power of limiting the sale price should be given only with respect to new houses built with the help of the Government. The amendment which I am offering would strike out section 3 in the Senate committee amendment, which restricts the sale price of old houses. If my amendment is adopted, the power will not apply to old houses, but only to those built in the future.

Mr. LANGER. Mr. President, will the Senator yield for a question?

Mr. REVERCOMB. I yield.

Mr. LANGER. At the present time has the Government the power of eminent domain for the purpose of taking land?

Mr. REVERCOMB. Oh, yes. The Government has the power of eminent domain to take land or property for public purposes.

Mr. LANGER. Could such land be used for the building of houses for those who are not veterans?

Mr. REVERCOMB. No; it could not be used to build houses for other people. The power of eminent domain can be exercised only where the land or property taken is to be used for governmental purposes.

Mr. LANGER. Would the Senator say that it could be taken for the purposes covered by this bill?

Mr. REVERCOMB. No; I do not believe it could be taken by eminent domain for the purposes of this bill because the houses to be built are to be owned by private citizens in their own right. They will be private property and not Government property.

Mr. LANGER. Then the only way the Government could obtain a tract of land for this purpose would be through the passage of this bill.

Mr. REVERCOMB. As I understand, the bill does not contemplate the purchase of land by the Government. It does contemplate Government assistance in expediting the production of materials so that houses may be built and sold to veterans.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. REVERCOMB. I yield.

Mr. FULBRIGHT. For tax purposes a profit arising from the sale of a house which has been held more than 6 months is treated as a gain in capital assets.

Mr. REVERCOMB. I did not catch the question.

Mr. FULBRIGHT. If a person purchases a house and holds it for 6 months, and then sells it at a profit, for tax purposes the profit is treated as a capital-assets gain, and the tax is only 25 percent.

Mr. REVERCOMB. I have always understood that the general rule was that the profit arising from the sale of a capital asset was treated as a capital-asset gain, and so taxed.

Mr. FULBRIGHT. Would there not be better control of inflation in the case of real estate if such profits were subjected to the ordinary taxes? That is the more normal way to control inflation.

Mr. REVERCOMB. That is a thought. I had not considered it.

Mr. FULBRIGHT. In the case of stocks, if a person buys a stock and holds it for more than 6 months, and sells it at a profit, the profit is taxed at the rate of only 25 percent. That is one way to avoid the very heavy taxes on income above a moderate amount.

Mr. REVERCOMB. It also discourages speculation.

Mr. FULBRIGHT. Yes. It seems to me that that might be one way to deal with the problem.

Mr. REVERCOMB. I appreciate the thought of the Senator from Arkansas.

The whole purpose of the amendment is to remove from the pending bill the power proposed to be given to the Housing Expediter to fix a ceiling price after the first sale of property which is now in existence, regardless of how old the property is, whether it is 100 years old or whether it was built last year. I feel that the Expediter has no right to interfere with the investment of the people of this country in their homes, whether they be humble or great. He has no right to say that they may not sell their property, even if they acquire it after the passage of the act, if it is old property, and place a limitation on the sale price.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. REVERCOMB. I yield.

Mr. OVERTON. I believe that the purpose of the amendment suggested by the Senate committee is to prevent speculation in real estate which is to be used for homes. I fail to see why there should be any distinction, such as the Senator makes, between houses which are built pursuant to the provisions of the bill, and hereafter to be constructed, and houses which are already in existence, except for the point which he makes, that the Government is perhaps contributing largely in a financial way to the construction of the new houses. But a home is a home; and the whole purpose of the bill is to provide homes for veterans at reasonable cost.

The purpose of the committee amendment is to prevent a rise in values which would occur if existing houses fell into the hands of speculators. It is very rare that property of this type moves twice within a year and a half. If there is another sale within a year and a half, it is usually by a speculator. When one buys a house to use it as a home—and that is the whole purpose of the legislation—he keeps it as a home. He does not turn around and sell it the next day. I do not believe that the provision in question would have much effect on the right of the individual property owner. I believe that the effect would be very limited in that field. I think it is necessary to carry out the broad purposes of the legislation.

Mr. REVERCOMB. One of the rights of ownership which should continue to exist—the very word "ownership" implies it—is the right of an owner to deal with his own property as he pleases, and to sell it if he wishes to do so. The Senator says that only a speculator would sell property within a short time after buying it. I cannot agree with that statement. Frequently in every community a man buys a home, lives in it for a while, and then his work calls him elsewhere, and he desires to sell it. Shall we say to that man that he shall not sell his property for a profit if someone else wishes to buy it and is willing to pay the price which he asks?

Mr. OVERTON. My statement was a statement of the general rule. I did not say that there were no exceptions.

Mr. REVERCOMB. I rather think that the exceptions mentioned represent a large number of cases in the sale of property. The word "speculation" is mentioned as a bug-a-boo to frighten us. What is speculation with respect to real estate? Are we going to deprive a man who owns property of the right of selling it when he can find a purchaser who is willing to pay the price which he asks for it?

From my own viewpoint, both with respect to new houses and old houses, I would rather not see such great power placed in the hands of an official with respect to any property. However, it is felt by some that it should apply to new houses built with the assistance of the Government, because the Government has an interest in them, and has adopted the policy of going into this business and making an appropriation. Therefore it is felt by some that because of this policy, and because of the financial aid of the Government, the power of limitation upon the sale price might well be granted.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. REVERCOMB. I yield.

Mr. DONNELL. As I understand section 3 as contained in the committee amendment, it would not permit the Expediter to fix a price with reference to presently existing houses so far as the first sale is concerned.

Mr. REVERCOMB. That is correct.

Mr. DONNELL. If that be true, I do not see at the moment any special equity in the person who makes the first purchase from the previous owner, if such first purchase be made after the law goes into effect. I can understand the argument to the effect that if the Senator from West Virginia or I had constructed a house 10 years ago, relying upon conditions existing at that time, we should not have our right to sell that property restricted by any authority on the part of the Expediter to fix the sale price. But I am in doubt as to the validity of the criticism directed against the person to whom it may be sold. If I may amplify the question, if the Senator or I had built a house 10 years ago, as I understand section 3 in the committee amendment, we would not be prevented from selling it at any price we might be able to obtain for it. After the house is sold to John Smith, let us say, if he then wishes to sell it, then comes the restriction. It would appear to me offhand, at any rate, that he stands precisely in the position of a person who builds a house after this law goes into effect, and he does not have existing in his favor the equity which exists in favor of a person who built his house prior to the passage of this act.

I should like to have the Senator give me his views in response to my inquiry, if I have made it sufficiently intelligible to him.

Mr. REVERCOMB. The Senator has made it very clear. Mr. President, I think that the John Smith of whom the Senator has spoken, who buys a house after this act goes into effect, and buys it as a dwelling house for himself, has the same right which our people have had since time immemorial, as incident to the ownership of a house, to sell it for what he can get for it. I do not believe this restriction should be placed on either new or old property, although there seems to be more reason to place it upon property which is built with Government aid, so as to let the Government keep its hands on the property. However, I think it is absolutely wrong to impose such a restriction on property which was built 10 years ago without Government aid. I think it is wrong to say that the first price on such property shall fix the future selling price for as long a time as this act shall last—and no one knows how long it will last. I do not think the Government has the right to say to the owner of such a house, "You can sell it at a loss, but you cannot sell it at a profit." I think that is absolutely wrong.

I can understand that there should be a limit on rents in the case of property which is rented on a commercial basis, as a business transaction, such as a building which is not the dwelling of the owner, but is rented as property in which other people may live as tenants.

But the house which a man owns and lives in as his own home—I care not how humble it may be—is his, and he should have the right to sell it for what he can get for it.

Mr. DONNELL. Mr. President, will the Senator yield to me once more?

Mr. REVERCOMB. I yield.

Mr. DONNELL. I wish to say that the argument the Senator makes applies with some force, it seems to me, although possibly not equal force, to a person who builds a house after this law goes into effect, because certainly since time immemorial the owner of a house has had the right to dispose of it at any price at which he wishes to sell it.

My only question is whether a man who purchases a house which is in existence when this law goes into effect has the same equity which is had by the original owner who owned the property before the law went into effect. I can well understand that if the Senator from West Virginia or I owned a piece of property today, there would be serious question as to the right of the Government to say to us that we could not sell it, after this law goes into effect, save at a price fixed by the Expediter. But the difficulty I have is in understanding how, after this law goes into effect, a man who purchases an already existing house has an equity equal to that which is had by the man who owned the house before the law went into effect.

I do not desire to argue the point, and I greatly appreciate the courtesy of the Senator from West Virginia in giving me the benefit of his views in response to my inquiry.

Mr. REVERCOMB. Mr. President, I am very glad to have the benefit of the statement by the able Senator from Missouri.

I believe I have made my point of view clear. I cannot get away from the very old principle which exists under Anglo-Saxon law and under the law of the United States, namely, that the ownership of a house carries with it, as part and parcel of it, the right to sell the property under any terms which the owner may be able to make under a contract of sale.

There is quite a difference between ownership of a piece of property for the purpose of engaging in the commercial enterprise of renting and ownership of a piece of property as the home, the dwelling house, of the owner. I think it would be wrong for the Government to step in, today, and take from a man who owns his home, as his own dwelling house, the right to sell it at any price he is able to obtain for it, regardless of whether he is a veteran. I think there is a very small distinction, indeed, between a house built after this act goes into effect and one which was built before it goes into effect. I repeat that I do not think the act should apply to either one. Some persons think it should apply to houses built hereafter, because of the

aid given by the Government to new construction. That was the position taken by the House of Representatives when it passed the bill, and the same position was taken by the majority of the Senate committee in reporting the bill. Some Senators believe that the restriction should apply to all houses, both those built before this bill is enacted and those which are built after it is enacted.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. REVERCOMB. I yield.

Mr. HICKENLOOPER. I should like to say to the Senator from West Virginia that it seems to me that a very definite principle is involved in this amendment.

In the first place, under the emergency of war and because the war effort demanded the complete concentration of all our efforts and activities, thereby restricting building during the wartime, we were thoroughly justified as an emergency measure in controlling rents, in controlling consumer goods, and in controlling the prices of scarce commodities. Such steps were justified because the major effort was being made in connection with the production of war goods. I think that is a philosophy which can be justified at any time during an emergency; and it seems to me that during a period of reconversion, until it is possible to return to a normal flow of goods, certain sensible and practical controls can be very beneficial.

By the same token, during this period, which we may regard as an emergency—and the only justification for this housing program is the emergency—by Government money, by Government regulation, by Government supervision, we are stimulating abnormally, if you please, an unusual production of housing. That is done as a result of the aid rendered by the Government. Therefore, in the production of such housing it would seem to me to be justifiable to prevent speculation upon such emergency housing which is built with Government aid and under Government supervision.

But a home which is already constructed represents, in the overwhelming number of cases, not a speculative investment on the part of the person who builds it, but a permanent investment for his home, and I assume that almost everyone who builds a home expects it to be his permanent home. Such houses as are already completed are not necessarily, except in perhaps a very few cases, wartime construction, but they are houses which have been built in the past and have become a part of the owner's capital investment, for use as his home and for his long-range occupancy. When the Government, under the guise of an emergency, attempts to invade the traditional and inherent right of an American under our laws and Constitution either to sell or to retain his home, which is a capital investment on his part, which was built under peacetime conditions, as a rule, I think such a step should be considered very carefully indeed, not so much because of the proposed control of the price, but because of the very basic principle of the peacetime freedom of the individual, a freedom which we are now attempting to strangle by means of this law.

True, let me say to the Senator, it could be said, perhaps, that it is strangling to impose ceilings on rentals of houses. But I still think that the existence of the emergency and the fact that rentals may be termed a consumable item and the fact that they are an absolutely vital item, probably justify the taking of that step.

I do not think the control of the prices of existing homes will add one bit to the availability of such homes, because there is nothing in the pending bill, even as it is presently written, which provides that a man must sell his home. It would be just as bad to say that anyone who needed a home could require the owner of a house—assuming that the house had one or two rooms more than the owner needed—to sell it to him at a certain price. That is the logical conclusion of this price control, and it would be the only method by which existing homes could be made more freely available to those who need them. As a matter of fact, I do not believe this will cause the sale of a single home.

Mr. REVERCOMB. I agree, but it will prevent the sale of them. The right to sell is a right which every man who possesses property should have.

Mr. HICKENLOOPER. There is nothing in this bill that denies a man the right to say that he will sell or that he will not sell. No owner of a home will sell it under control or out from under control unless, first, he finds a buyer who is willing to pay a price which the owner is willing to accept. A few owners may sell under distress. But this bill, in its present form, will not move a single existing home, and it will violate one of the basic principles of property ownership, namely, the right of an individual to retain that which he possesses. Under the present emergency I can see no justification for such control as is being requested. I think the language of the bill which we have been discussing will not only not accomplish anything worth while but will violate, without excuse, some of the fundamental principles of home ownership.

Mr. REVERCOMB. Mr. President, I thank the Senator for the very able statement which he has made.

I submit my amendment, which has the effect of placing back into the bill the section which was passed by the House of Representatives, with the exception of one subsection thereof, and displacing the all-coverage control which it is proposed to place in the hands of the Expediter over all the homes in this country.

Mr. BARKLEY. Mr. President, I rise in opposition to the amendment offered by the Senator from West Virginia. I can well appreciate that if the Senator could have his way he would not allow any ceiling of any kind to be established with reference to houses involved under the terms of the proposed legislation. I realize that any proposal of this sort grows out of abnormal conditions. If such abnormal conditions were not present in many cases, we would not be here advocating legislation designed to correct them.

Mr. President, I wish to invite the attention of the Senate to what has transpired and what is now transpiring with reference to existing houses. In order to obtain information on the subject, a survey was made. It was a hastily made survey, but it was the best survey that could be made under the circumstances since the proposed legislation was initiated. A survey was made in 92 cities in the United States having a population of 100,000 or more, according to the census of 1940, as well as in 250 smaller cities having a population of less than 100,000. With reference to the period from the spring of 1940 to February 1946, of 84 cities in the United States containing a population of more than 100,000 9, or about 11 percent of the total number reporting, showed an increase of 100 percent or more in the prices of existing houses. Twenty-three of the 84, or 27 percent of the whole, showed an increase of from 75 percent to 100 percent in the selling prices of existing houses. Thirty-four of the 84 cities, or 40 percent of the total, showed an increase in the selling prices of houses of between 50 percent and 75 percent.

Among the smaller cities, those with a population of less than 100,000, 47 of them, or 17 percent of the total, showed an increase of 100 percent or more in the resale prices of houses. Another 66, or 24 percent of the whole, showed a rise of from 75 percent to 100 percent in the resale prices of houses. Another 102 cities, or 36 percent of the whole, indicated an increase of from 50 percent to 75 percent. Another 58 cities, or 21 percent of the total, showed an increase of from 25 to 50 percent.

Since VJ-day, which was last September, reports from the smaller cities indicate that more than 50 percent of those reporting experienced price increases up to 25 percent within the 6-month period. Another large number of cities indicated increases in the past 6 months since VJ-day of from 25 percent to 50 percent.

Mr. President, every time there is a sale of an existing home there is an eviction. Perhaps I should not say every time; but if the house happens to be rented and it is sold, there will be, in all likelihood, an eviction, especially if the purchaser is buying the house for a residence or a home for himself. If he is buying it for speculative purposes he will increase the rent to the occupant or tenant of the house.

Mr. REVERCOMB. Mr. President, does the Senator mean to say that he would discourage the purchase of homes?

Mr. BARKLEY. No; on the contrary, through the proposed legislation, I am trying to encourage home ownership.

Mr. REVERCOMB. The Senator has said that the rent would be raised. Does not the Government still exercise control over rents?

Mr. BARKLEY. Not everywhere. The Government controls rents in certain areas which have been designated as defense areas, but it does not control rents outside those areas.

Mr. REVERCOMB. If there should be any abuse with reference to rents, I

should think that such abuse could be controlled.

Mr. BARKLEY. Mr. President, I am speaking of the effect of speculative reselling of existing homes. We all know that if a house is rented for which the owner may have paid $5,000 or $6,000, or even $10,000, and is purchased by someone for $10,000 or $12,000, which is not at all unusual because of the speculative spiral and the increase in the selling prices of houses which has taken place, the rent upon that house will likewise be increased, or else there will be an eviction. I may say that the survey shows that evictions from existing houses throughout the United States at the present time are taking place at the rate of a million a year. Of course, not all of the persons being evicted are veterans. But if the speculative increase to which I have referred in the price of existing houses is to be allowed to continue until 1947, and no curb is placed on the speculative sales of houses which may take place during the remainder of 1946 and all of 1947, I think it is fair to say that a majority of the evictions in the year 1947 may well be of veterans who were able to obtain houses for rental. The veteran will either have his rent increased or he will be evicted by the new purchaser, who may wish to rent the house to someone who is abler to pay the increased rent. So that, Mr. President, the amendment offered by the Senator from West Virginia sets up two classes of houseowners. One class consists of those who are willing to go forward and help to stimulate the production of new houses, those who are willing to invest their money in the purchase of building materials in order to provide housing facilities. The man or the organization willing to participate in the production of houses under the amendment offered by the Senator from West Virginia will be penalized as compared to the owner of an existing house, who is put in a specially preferred class simply because he owned the house when this proposed law becomes effective.

Mr. REVERCOMB. Mr. President, will the Senator yield at that point?

Mr. BARKLEY. I yield.

Mr. REVERCOMB. The fact of the matter is that if this bill is passed as written, there will be a great discrimination made between the man who has a house today and the one who builds a house in the future because the bill lays down two formulas. A house existing today has ceiling prices set after the first sale that is made, but the house that is built after this bill shall be passed, has a ceiling price fixed upon the cost, plus a reasonable profit, plus any improvements which may be made, not only before the first sale but from time to time so long as this bill remains in force. In other words, there are two formulas, one applying to the old house, the house which now stands, the sale price of which is arbitrarily fixed at the price paid at the first sale, but the new house which is built with Government aid can be sold at a price to be fixed by the Expediter, based upon a fixed formula in this bill that includes from sale to sale the improvements which may have been made.

Mr. BARKLEY. The Senator is entirely mistaken. Under the very mild formula of ceilings on existing houses, a man who owns a house can sell it in the first instance for whatever he can get for it. If he bought it 10 years ago or 5 years ago or 1 year ago or 6 months ago and paid $5,000 for it, he can sell it for $15,000 if somebody is willing to pay him that much for it. After that the purchaser who paid $15,000 for the house, which will, of course be a speculative value, cannot sell it for more than $15,000, except that he is allowed to add the cost of any improvements he has put into the house and he is also allowed to add any commission or brokerage fees that are customary in the neighborhood where the house is sold. That is the same rule that applies to houses that are built under new construction. From time to time any purchaser or any owner may have an allowance made for additional room. If he installs another bath room, that is a permanent improvement, and he may be allowed to add that to the price, and he may also be allowed, as the bill provides specifically, the customary brokerage fees which are allowed in the community where real-estate men make their living out of the sale and transfer of real property. So there is little difference.

Mr. REVERCOMB. Let us look at the bill to see whether there is but little difference. I refer the able Senator to subsection (c) on page 26, which reads:

(c) Any regulation or order issued under the authority of this act establishing maximum sales prices for housing accommodations in existence on or prior to the effective date of this act or for unimproved lands shall establish as the maximum prices the price of the first bona fide sale of such housing accommodations or such unimproved lands, as the case may be, after the effective date of this act.

There is the formula that applies to houses in existence today. Now I call the Senator's attention to page 24.

Mr. BARKLEY. The Senator did not read all of subsection (c). Let me read the remainder of it. It is as follows:

Any regulation or order under this subsection shall provide for the making of appropriate adjustments in the maximum sales price where substantial improvements to any housing accommodations or betterments to unimproved lands have been made subsequent to the last sale.

Mr. REVERCOMB. I did not think it necessary to read that. It goes along with the provision I read. Of course, it allows for improvements that are added.

Now let us go to the formula to be used for houses constructed after the bill goes into force. On page 24 the following appears in subsection (b):

(b) Any regulation or order issued under the authority of this section with respect to housing accommodations the construction of which is completed after the effective date of this act shall provide that no sale of any such housing accommodations shall take place until after the builder thereof has filed with the appropriate agency designated by the Expediter a description of such accommodations, including a statement of the proposed maximum sales price, and has received from such agency a certification that such price is reasonably related to the value of the accommodations to be sold, taking into consideration (1) reasonable construction costs not in excess of the legal maximum prices of the materials and services required for the construction, (2) the fair market value of the land (immediately prior to construction) and improvements sold with the housing accommodations, and (3) a margin of profit reflecting the generally prevailing profit margin upon comparable units during the calendar year 1941.

Then it goes on and refers to prospective sellers.

Mr. President, in the case of an old house, once a sale is made and the price is paid for it, the Expediter does not have the power to raise that price in future sales except for actual improvements made. So there cannot be a profit on that house after the first sale under this act. But in the case of a house that is built after the act goes into force, there is allowed on any sale made, to be fixed by the Expediter, "a margin of profit reflecting the generally prevailing profit margin upon comparable units during the calendar year 1941." So I submit there is a difference.

Mr. BARKLEY. Let me advert to what the Senator has just stated. The Senator, in connection with that section is talking about new houses. The builder of the new house may have had a priority given to him in order that he might obtain materials with which to build the house. He may have bought materials upon which premium payments have been made, which enabled him to buy them cheaper in the market than otherwise would have been possible. That situation does not surround the owner of an existing house. We did not propose by this legislation to say that the builders of houses shall not have a margin of profit on their construction. The average profit of the builder, I think, is recognized to be anywhere from 5 to 10 percent; I think in many cases, perhaps in most cases, a profit margin of 10 percent upon the construction of a house is usually expected. That is one of the stimulants that induce men to put their money into the building of houses. We could not in this legislation, without absolutely stifling the construction of houses on the part of many who have money to invest in houses, provide that they shall merely be allowed what the house cost, what the material and labor that went into it cost, without allowing a reasonable profit. But that situation does not exist with reference to the man who already owns a house and sells it for whatever he can get for it the first time.

After the price has been fixed, including the cost of the materials and the cost of the labor that goes into it, which the owner of an existing house does not have to deal with, after the certification has been given, allowing a ceiling price upon the first sale, including a reasonable profit—after all that the same rule applies on the resale of that house that applies to the second or third or fourth sale of an existing house.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield to the Senator from West Virginia, and then will yield to the Senator from Missouri.

Mr. REVERCOMB. Where is there in the bill, or under the formula, anything to require the Expediter to peg the price of the newly built house? The bill expressly says that the first sale shall fix absolutely, without change, the price of the old house, and the seller cannot make a profit above that, but for the newly built house it lays down a formula, under which the Expediter has the discretion of taking into consideration all these elements of building and a reasonable profit on top of that. There is no limit as to what the profit may be on any sale made of the new house in the future.

Mr. BARKLEY. Technically, of course, we do not spell out what the profit shall be.

Mr. REVERCOMB. Oh, no.

Mr. BARKLEY. But in fixing the price the Expediter must take into consideration "reasonable construction costs not in excess of the legal maximum prices of the materials and services required for the construction," that is, the cost of the material and the labor, and also "the fair market value of the land, (immediately prior to construction)." All those things have to be taken into consideration, together with "improvements sold with housing accommodations and a margin of profit."

We cannot say what that profit shall be. We have to leave it to the Expediter in his discretion, based upon the total cost of the house, to determine what a reasonable profit may be. After that has been determined and a certificate has been issued with respect to it and a sale has taken place, thereafter the same rule applies to the new house that applies to the old house. I now yield to the Senator from Missouri.

Mr. DONNELL. Along the line the distinguished Senator from Kentucky was just discussing, I think it would be well that the RECORD should show that, as I see it, in very large part, if not in all respects confirming what the Senator from Kentucky has said, the concluding language of section 3 (b) is as follows:

> The first sale of housing accommodations the construction of which is completed after the effective date of this act shall not be made at a price in excess of the maximum sales price certified under this subsection.

Then it provides:

> The actual price at which any such housing accommodations is first sold, plus any increases authorized pursuant to subsection (d), shall be the maximum sales price for any subsequent sale of such housing accommodations.

As I see it, that is precisely the rule, as the Senator from Kentucky has indicated, which is applicable to houses which have already been constructed, because subdivision (c) proceeds:

> (c) Any regulation or order issued under the authority of this act establishing maximum sales prices for housing accommodations in existence on or prior to the effective date of this act or for unimproved lands shall establish as the maximum prices the price of the first bona fide sale of such housing accommodations or such unimproved lands, as the case may be, after the effective date of this act.

That is then followed, as the Senator from Kentucky has pointed out, by the statement:

> Any regulation or order under this subsection shall provide for the making of appropriate adjustments in the maximum sales price where substantial improvements to any housing accommodations or betterments to unimproved lands have been made subsequent to the last sale.

If the Senator from Kentucky will yield for one further observation, it seems to me, therefore, that the concluding language of subdivision (b) of section 3 establishes that after the first sale of any newly constructed property shall have occurred, the actual price of the first sale shall be the maximum sales price for any subsequent sale of such housing.

Then, in the case of old property, the price of any sale subsequent to the first sale shall be exactly the same, subject only to this possibility, that there might be some argument that the language of the last sentence of subdivision (c) somewhat differs from the language of subdivision (d), but to my mind it would seem that the obvious purpose of the draftsman who drew the last sentence of subdivision (c) is to accomplish, in substance, at any rate, the same thing that is accomplished by subdivision (d).

If the Senator from Kentucky will yield further, to my mind he is correct in saying that after the first sale shall have been effected, with respect to both newly constructed property and with respect to existing property, substantially the same rule is intended to, and I believe does, apply under the committee amendment.

Mr. BARKLEY. I thank the Senator from Missouri. Of course, it would be impossible to fix the same standard upon the first sale price of any existing house that we fix upon the first sale price of a new house. It may be impossible to obtain the figures as to the cost of constructing the old house, either as to materials or as to labor. Therefore, in the absence of the ability to fix the same standard for the first sale of the old house as is fixed in the case of the new house, all we have been able to do is to say that the first sale, whatever it may be, shall be the standard of value by which future sales shall be governed.

Mr. DONNELL. That is, the same standard applies with respect to new construction. Substantially it would seem to me, that after the first sale has been effected, in both instances substantially the same rule applies with respect to resale both of new construction and of existing property.

Mr. BARKLEY. There is no doubt at all about that, and there is a reason why we have to set up a little different standard for the first sale of a new house than for the sale of an old house. It is easy to ascertain how much material went into the new house, it is right there before our eyes, and one can understand how much labor went into it, and when we add all those things together, plus a reasonable profit, we can fix the price. After that the same rule applies that applies to old houses, after the first sale of an old house.

Mr. President, I hope the amendment will not be agreed to. The committee felt that it was not fair or wise to men who are willing to put their money in new houses to fix a sale price upon a new house for the first sale, and allow the speculative orgy to go on which is now in progress in many of the cities of the United States, without any sort of control over the sales which take place subsequent to the purchase.

There is nothing unfair about it. If a man has owned a house for years and years he may sell it for twice as much as he paid for it to someone who is willing to pay twice as much. The proposed law does not interfere with that. If he is buying it for a home he will want to move into it, and he is not buying it for speculative purposes. But it is unfair to those who are putting their money and their energy into the construction of new houses for veterans to say to those who are able to buy and speculate in existing houses—and in many cases bring about the eviction of a veteran who is renting an existing house—"There will be no curb on you, no control; the sky is the limit with respect to you, but we are going to curb those whom we induce to go into the building business and the construction of houses for veterans."

It would be an unfair distinction, and the latter class should not be placed in that different category after there has been an establishment of the market value of the house itself, which in the case of the old house is the first sale, and in the case of the new house is the first sale with the ingredients that go into the certification as to the selling price of the new house.

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. REVERCOMB. The Senator has been speaking of fairness. I ask him a question in good faith. Very few sales are speculative, in most cases houses are bought by people who desire to live in them. Suppose a man who is a veteran, or one who is not a veteran, because of his occupation has to move to another place and takes his family with him, and he has an opportunity to sell his property. The proposed law says he cannot sell it at a profit. He can sell it at a loss, but he cannot sell it at a profit. Is that fair?

Mr. BARKLEY. I have heard the argument that to put a ceiling on an old house at the figure of the first sale is unfair to veterans, because a veteran might have bought it and might have to move. My answer to that is that the veterans who are buying homes are not buying them for speculative purposes, they are buying them to live in them with their families. They want to take their families out of the cramped quarters in which they now live, perhaps even in automobiles. The Senator from California [Mr. KNOWLAND] yesterday recited that he saw in his own State ex-servicemen with their wives and

children actually living in automobiles, crying for houses in which to live. Those who are able to buy houses are not going to buy them for speculative purposes, they are going to buy them as homes for themselves and families.

This restriction will be in effect only for the remainder of 1946 and during 1947. I can see that it might be possible, in some isolated case that a veteran who has moved into a new community or into another city, after having bought a home, might not be able to make a profit from the sale of the house he had bought in the community from which he moved; but for every veteran who will be denied the right to make a profit out of the resale of a home he has bought, there will be thousands of veterans who will be evicted from the homes they are now renting, if we do not take the proposed action. Evictions will occur by reason of the speculative value of houses which will be taken advantage of by those who seek to speculate in houses. Those who will do that will not be the veterans, but will be those who seek to make money out of the speedy and frequent resale of houses.

Mr. President, we know what is going on. My attention was called to a house in Washington built to sell at $5,000 and which did sell for $5,000 just prior to the war. It sold subsequently for $7,500, and sold subsequently to that for $10,000, and the present owner is asking for that house $12,500, and probably will obtain it. I do not think we will be doing the veteran any harm by making such a thing impossible. If we permit the spiral of increased prices in real estate to continue we will do infinitely more harm to the veterans than could possibly come to them by doing what we now propose to do, by which we seek to do good for the veterans.

So, Mr. President, it seems to me there is no justification for the amendment offered by the Senator from West Virginia, and I hope it will be defeated.

Yesterday afternoon the Senator from North Carolina [Mr. HOEY] asked me a question with respect to farms. This bill does not relate to farms. A farm is sold including the house, and this bill does not deal with the sale of farms. We speak of the sale of a farm, including all the improvements. It is still the sale of a farm. This bill does not deal with farms. It deals with new construction. It might be outside the corporate limits of a city, in a community that is susceptible to subdivision for new housing projects. Fifty or 75 or 100 houses might be built on the outskirts of a city, without the corporation limits. We have provided in our definition of unimproved lands that they shall be either city lots or unimproved lands outside that are susceptible to subdivision into housing projects. So the sale of a farm as a farm, with the house on it, is not included in the bill. There is no control over that. We do not seek any control over it. I think that answers the question which the Senator from North Carolina propounded to me yesterday.

Mr. REVERCOMB. Mr. President, the Senator from Kentucky is making an appeal for the veterans. I wish to say that no one is more deeply interested in the welfare of the veteran than am I. But when the Senator speaks of speculation, certainly I know that these houses are going to be bought by veterans and by others to live in, and not to speculate in. I feel that when the suggestion as to speculation is brought up it is a smoke screen. That is not the actual condition we will meet. Those who will buy these houses will want to live in them with their families, and now it is proposed to provided by legislation that they may sell these houses at a profit, and they will really sell them at a loss if they want to go somewhere else to live and must sell their houses. If a veteran wants to buy a larger house he cannot sell the smaller one at a profit.

Mr. BARKLEY. The Senator from West Virginia uses the word "smoke screen." If what I have said in behalf of the veteran, in opposition to the Senator's amendment, is a smoke screen, then the entire bill is a smoke screen, because the bill was initiated and conceived for the benefit of the American veteran. I am not hiding behind the American veteran. I am not required to do that. The American veteran knows what the bill provides for. The veterans' organizations here in Washington have read the bill and they know what it provides. Representatives of every one of the veterans' organizations—the American Legion, the Veterans of Foreign Wars, and all the other organizations of veterans—came before our committee and endorsed the legislation with the provision in it for ceilings upon existing homes. So if there is a smoke screen I have not observed it, and I certainly did not create it.

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. REVERCOMB. I have not accused the Senator from Kentucky of hiding at all.

Mr. BARKLEY. The Senator was referring to what I said as a smoke screen.

Mr. REVERCOMB. As I view the situation, I think the subject of speculation is given too much emphasis. Speaking of the veterans' organizations, the same veterans' organizations appeared before the committee of the House of Representatives, and the House adopted the provision in the form I have submitted it in my amendment, as modified. They felt that this limitation should not be placed upon existing structures.

Mr. BARKLEY. Of course, the Senator from West Virginia must also know that the House of Representatives did not include the premium payments which were endorsed in the Senate yesterday and adopted by a vote of 53 to 20.

Mr. REVERCOMB. That is correct.

Mr. BARKLEY. The veterans' organizations were for any legislation which gave any reasonable hope of providing homes for veterans, and the program of premium payments and of this very mild provision for ceiling prices on existing houses had not been worked out when the House committee was considering the bill. It was hastily thrown together and debated on the floor, and the House rejected both of them. But that in no way means that the veterans' organizations are satisfied with the bill as it was reported by the House committee and as it was passed by the House. Be that as it may, the veterans' organizations, after observing the provisions of this bill, have endorsed them wholeheartedly and enthusiastically.

Mr. AIKEN. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. CARVILLE in the chair). Does the Senator from Kentucky yield to the Senator from Vermont?

Mr. BARKLEY. I yield.

Mr. AIKEN. As I understand, if the veteran buys an old house, then the price he pays for that house becomes the ceiling at which it has to be sold in the future. If he occupies it for a year and then has to give it up or move away he can still sell it for the price he paid for it, without deducting what it has been worth to him to live in it for a year.

Mr. BARKLEY. Oh, yes; he can still sell it for what he paid for it, plus any improvements he may have put into it, and he can also include real-estate brokerage fees that are customary in the neighborhood.

Mr. AIKEN. If he occupied it for a year, and it was worth $40 a month to him to occupy it, he could really have that $480 profit, plus brokerage fees.

Mr. BARKLEY. Well, it would be equivalent to paying rent to himself while he occupied it.

Mr. AIKEN. Yes.

Mr. BARKLEY. And if he occupied it a year, depending on when he moved into it, the whole period would almost have expired, because this provision is effective only to the end of 1947. So even if he had to wait for a month or two after he moved out in order to sell it for more than he paid for it, if he could do so, it would not be such a great hardship.

Mr. AIKEN. Oh, strictly speaking, he would not sustain any great loss.

Mr. BARKLEY. No. And the number of veterans who will be reselling old houses they have bought for homes will be infinitesimal compared to those who buy houses for speculative purposes.

Mr. AIKEN. They could not be thrown out before the end of the period anyway, because I think that in most States the law permits them to stay at least a certain number of months, or a year.

Mr. BARKLEY. That is true, but if they were moving into another community, or into another city, they would probably want to move out voluntarily.

Mr. HOEY. Mr. President, I have been very much interested in the discussion of this housing bill, and especially interested in the discussion by the distinguished Senator from Kentucky [Mr. BARKLEY] today.

I voted for the subsidy in this measure, although I do not believe in subsidies as a general rule, but I was so anxious to do something to increase housing facilities for veterans that I was willing to forego my opposition to subsidies generally and support the premium payment. I am extremely anxious that housing

facilities be provided in the greatest possible degree for veterans, and I would vote for the committee provision with regard to price ceilings if I felt that it was essential or desirable in attaining the main objective. I do not think so. I intend to support the amendment offered by the Senator from West Virginia [Mr. REVERCOMB], and I wish to mention some of the reasons why I am supporting that amendment.

There is nothing in the committee provision relating to existing houses which would tend to supply houses to veterans, or would aid in that program in the slightest degree. The provision preventing the sale of existing houses more than once at an increase in price has no relation to providing a single additional house for veterans, or providing housing facilities for them.

I believe that this is a wholly discriminatory measure. Let us consider what the distinguished Senator from Kentucky stated a few moments ago. He wishes to prevent inflation or speculation in houses and real property. Yet he admits that every farm in America would be exempt. Therefore the farms, along with the houses on them, could all be sold over and over again for whatever prices the sellers and the buyers might agree upon. There would be no limitation or restriction upon the sale of farms and the houses which go with them. A large number of the veterans would like to purchase farms. If the idea is to control prices so that they will not get out of hand, there is no restriction on the prices of farms and houses located on farms. That is one discrimination.

On the other hand, it is said that the Expediter should have the right to adopt regulations which would cover the sale of existing houses. In other words, after the first sale, a house could not be sold for a greater price during a period of 2 years. However, that is not a general provision. The Expediter would be given authority to make such a rule applicable all over the United States, but the bill provides that he shall investigate the various communities and geographical locations and specify the places where the restrictions should apply.

What does that mean? Either the Expediter will make a general order covering the whole United States, or he will consider conditions in the various areas of the United States. There would be no end of confusion. In one city, town, or village there might be restrictions, so that a house could be sold once at any price, and then, within a period of 2 years, could not be sold at a price exceeding the price of the first sale. In other sections there would be no limitation or restriction. How is the average person to know where restrictions exist and where they do not? The United States covers a great deal of territory. The Expediter could make an order covering the entire United States, or he could issue orders covering individual sections or locations. I believe that that would lead to endless confusion. What would probably happen would be that he would put an order into effect all over the United States, without making investigations. To begin with, he would not have the time or opportunity to make investigations in all localities in the United States to determine whether or not the necessities required putting such an order into effect in a given locality.

Coming down to the basic principle, why should a man who has built a home and paid for it or who has bought an already existing house and paid for it, be restricted in its sale? The Government has made no contribution, either by subsidy or by granting priorities. Why should he be restricted in the sale of his property?

I think we have gone a long way in taking away individual rights of American citizens. I am unwilling to vote for any measure which writes into law a provision that any home owner in America may not sell property which belongs to him one time, two times, or three times, without obtaining the consent of the Expediter, or permitting the Expediter to prevent him from selling it at a price more than the original selling price.

I am willing to go to the extent indicated in the amendment offered by the Senator from West Virginia, and to say that with respect to new construction, for which the Government has granted priorities, premium payments, or subsidies, prices may be regulated so that they will not get out of hand. Such buildings would be erected by virtue of Government favor, Government priorities, and Government subsidies. Therefore, the obligation rests with the Government to see that there is no speculation in those houses for the immediate future.

But the Government has performed no such service for the citizen who owns an existing house. It has granted him no favor and no special privilege. Why, in peacetime, should we undertake to put into effect a policy which would take away from every home owner in America the right to dispose of his home as he sees fit as often as opportunity may occur to sell it? I think we are going further in this measure than we went in wartime. I do not believe there is any justification for it. It will not provide a single home for a veteran in addition to what is now available.

I am hopeful that the subsidy provision, for which we voted yesterday, will aid in obtaining productior of building materials so that the homes may be readily provided for veterans. For that reason I supported it. But this provision would not furnish a home for a single veteran in America. It would merely invade the rights of private citizens and take from them their right to control the property which they buy and pay for, and to which they have legal title. I am opposed to the Government invading the rights of American citizens further than is absolutely necessary. It is not essential, either for the benefit of the veteran or anyone else.

So far as speculation is concerned, as I stated a few moments ago, we shall not be able to curb speculation if we exempt all the farms in this country and permit them, together with the houses on them, to be sold over and over again at whatever prices can be obtained for them, and at the same time apply the restriction solely to people who have bought homes—perhaps as wage earners—and undertake to curb them, so that when a man works for a long time and pays for his property he will still have the Government standing over him saying, "Even though you can sell your home and make a profit on it, you will not be permitted to do so."

I know that the idea is to curb the speculator. That is a very broad term. It covers a great many people. This provision would not only affect speculators; it would affect every man who buys a home, even a house which already exists. I believe that this is an unnecessary invasion of the rights of citizens. I believe there would be more resentment against the Congress and the administration because of the proposed law than there could be with respect to practically any other law that might be enacted.

I hope that the amendment offered by the Senator from West Virginia will be adopted. I wish to see some rights still preserved for American citizens. I wish to see the man who works and pays for his home have a right to sell it as he chooses.

It is said that if a home owner makes improvements, he can obtain credit for them. Let us see about that. Everyone knows that when a person buys a home he usually paints it or papers it, and makes other improvements to suit himself. The bill provides that after a house is sold the first time the owner may apply to the Expediter for the privilege of selling it again at a price which will cover the substantial improvements which have been made.

In the first place, the improvements must be substantial. The Expediter would say, "Painting and papering are not substantial improvements. They merely take care of the ordinary wear and tear and offset deterioration." A man who spent a considerable amount of money in painting and papering would have no recourse it for any reason—because of misfortune or for any other reason—he should be forced to sell his home. He could not get a cent more than he paid for it.

How long would it require to obtain action on an application filed with the Expediter? This operation would cover the entire United States. Senators know how long a time is required to obtain an answer from the OPA. An application is filed and weeks and months pass. If a man who had made improvements to his property were to make an application to the Expediter for a determination of the substantial value which he had added to his property, weeks and months would pass before he could get the privilege of selling it. His application would have to be acted upon, and in the meantime the purchaser would go elsewhere and buy some other property.

It would mean denying to every purchaser of a home any sort of compensation for the improvements made on his home, if for any reason, it became necessary for him to sell it again or if he wished to sell it again.

I am opposed to restricting the activities of our people. I think this

measure would cause the real estate market in the United States to become stagnant. It seems to me that would be the worst thing that could happen to this country. There are worse things than inflation. Stagnancy is one, and we have tried it. If we provide that there can be no increase in price after the first sale of a house, there will be stagnation wherever the law goes into effect. I think that would be worse than inflation on a moderate scale.

Mr. President, no one forces a man to sell his house. That is a privilege. If the owner of a house wishes to sell it and if he sells it to a man who wishes to buy it, that is free action. I do not think the Government can take a man by the throat and say to him that he cannot sell his house—which he has paid for—at a price which will enable him to obtain a reasonable profit, if he is able to do so.

Therefore, Mr. President, I am earnestly in favor of the amendment which has been submitted by the Senator from West Virginia.

Mr. TAYLOR. Mr. President, I also am in favor of the greatest possible amount of freedom for our citizens, but, on the other hand, when I consider the arguments that have been made, I recall that ceilings have been placed on the prices of automobiles. It is now provided that automobiles may be sold for only a certain amount of money. Yet the Government had no part in manufacturing the automobiles, any more than it did in building the houses on which it is proposed to place price ceilings. So in that respect I do not believe the argument which has been made is valid.

It is also argued that a man who buys a house will not be permitted to sell it at a profit. But most people who buy houses to live in do not buy them with the expectation of selling them at a profit. So the only people whose toes we would consciously by tramping on would be those who are speculators.

When it is said, as the Senator from West Virginia has said, that there is not much speculation in houses at the present time, I can hardly agree. I have just come from lunch with a constituent of mine, who is in Washington visiting his family. It happens that his grown sons and daughters live here. He said that all of them are well to do. We mentioned the housing situation, and he said that all his children are making a lot of money nowadays, speculating in real estate. They are not in the real-estate business, but on the side they are cleaning up a fortune in real estate. He told me frankly, "They buy a house one day and sell it the next day at a big profit."

Mr. MURDOCK. Mr. President, will the Senator yield?

Mr. TAYLOR. Yes; I gladly yield.

Mr. MURDOCK. I am interested in the statement the Senator from Idaho is making. It seemed to me, while the distinguished Senator from North Carolina was speaking, that the same argument he made against any restriction on the selling price of houses could be made against any restriction in regard to the price of any article of property which now is subject to control by the OPA.

Mr. TAYLOR. That is precisely the way I feel.

Mr. MURDOCK. If the argument which has been made by the Senator from North Carolina is logical and sound as to houses, then there should be no OPA controls at all.

Of course, I am sure that the Senator from Idaho and the junior Senator from Utah would agree with the distinguished Senator from North Carolina that if times were normal, if business were being carried on in an ordinary manner, of course the American way would be to avoid any controls. But during the war we found it necessary to impose certain controls in order to prevent runaway inflation, and we found that the American people were absolutely wiling to submit themselves to such controls.

Today we are confronted with a shortage of houses for the men who have been on the battle fronts, fighting our battles, and who now have returned and are asking us to help them obtain houses.

As I understand, the Senator from North Carolina has said that housing is in a somewhat different category than other property, and that therefore no restrictions should be imposed on housing. In my opinion, the Senator from Idaho is correct, Mr. President, for it seems to me that the same argument which the Senator from North Carolina made could be made in regard to every article which now is subject to OPA controls.

Mr. BRIGGS. Mr. President, will the Senator yield?

Mr. TAYLOR. I yield.

Mr. BRIGGS. Is it not a fact that the price of a home decreases, because of deterioration, each day under normal circumstances?

Mr. TAYLOR. Yes; I think that is an undisputed fact.

Mr. BRIGGS. Then if we are setting a ceiling we shall not be preventing a man from making a legitimate profit, because under normal circumstances the home he owns today is not worth the price which was paid for it yesterday.

Mr. TAYLOR. That is correct.

Mr. BRIGGS. I merely wished to make that point.

Mr. TAYLOR. Mr. President, as the Senator from Utah has said, the argument that people are entitled to a profit on their homes could be applied with a great deal more logic to the articles on which OPA price ceilings are established at the present time, and which were manufactured for a profit in the first place.

It has been stated that the imposition of price ceilings on houses will not make one more house available to the veterans. That may be true. Of course, after this law goes into effect, a man who buys a house will not be able to resell it at a higher price. Under this law, if he subsequently is forced to move and therefore has to resell his house, he will not lose anything, and possibly some veteran will have an opportunity to buy that house at the same price at which it was sold the first time after the law went into effect. So the law could benefit veterans in that way.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. TAYLOR. I am happy to yield to the Senator from Louisiana.

Mr. OVERTON. And when a veteran goes to a new location and undertakes to buy a house already existing there, he will not have to pay a speculative price for it.

Mr. TAYLOR. That is correct. He will not have to pay a higher price than the price at which the house presently sells.

Mr. President, I know something about this matter, because I had to buy a house last spring in order to find a place to live in. I paid $15,000 for it, and that price was $3,000 or $4,000 more than it was worth before the war. After reading in the newspapers the prices which now are being asked for houses, I am quite certain that at the present time I could sell that house for $18,000 or $20,000. I myself would be perfectly willing to have a price ceiling established at the present time on the basis of the price at which the house was last sold, so far as I am concerned. I could use the money I would obtain if I sold my house speculatively. But I am willing to make that sacrifice for the good of all of us, for the general welfare. I believe that is what this matter boils down to: whether the people of America are willing to sacrifice temporary, unexpected, speculative gains for the general welfare.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from West Virginia [Mr. REVERCOMB], as modified.

Mr. MURDOCK. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hart	O'Daniel
Andrews	Hatch	O'Mahoney
Austin	Hawkes	Overton
Ball	Hayden	Pepper
Bankhead	Hickenlooper	Reed
Barkley	Hoey	Revercomb
Bilbo	Johnson, Colo.	Robertson
Brewster	Johnston, S. C.	Saltonstall
Bridges	Kilgore	Shipstead
Briggs	Knowland	Smith
Brooks	La Follette	Stanfill
Buck	Langer	Stewart
Bushfield	McCarran	Taft
Byrd	McClellan	Taylor
Capehart	McFarland	Thomas, Okla.
Capper	McKellar	Thomas, Utah
Carville	McMahon	Tunnell
Cordon	Magnuson	Vandenberg
Donnell	Maybank	Wheeler
Downey	Mead	Wherry
Fulbright	Millikin	Wiley
Gerry	Mitchell	Wilson
Green	Morse	Young
Guffey	Murdock	
Gurney	Murray	

The PRESIDENT pro tempore. Seventy-three Senators having answered to their names, a quorum is present.

The question is on agreeing to the amendment of the Senator from West Virginia [Mr. REVERCOMB] as modified, which will be stated.

The CHIEF CLERK. It is proposed to insert, in lieu of section 3 of the committee amendment as amended, subsections (a), (b), (c) and (d) of section 703

of the original House text, beginning on page 6, line 10, as follows:

SEC. 703. (a) Whenever in the judgment of the Expediter the sales prices of housing accommodations the construction of which is completed after the effective date of this title have risen or threaten to rise to an extent or in a manner inconsistent with the purposes of this act, he may by regulation or order establish maximum sales prices for such housing accommodations in accordance with the provisions of this title. Any such regulation or order may be limited in its scope to such geographical area or areas and to such types or classifications of such housing accommodations as in the judgment of the Expediter may be necessary to effectuate the purposes of this title. Before issuing any regulation or order under this section, the Expediter shall, so far as practicable, advise and consult with representative members of industries affected by such regulation or order, and he shall give consideration to their recommendations and to any recommendatons which may be made by State and local officials concerned with housing conditions in any area affected by such regulation or order.

(b) Any regulation or order issued under the authority of this section with respect to housing acommodations the construction of which is completed after the effective date of this title shall provide that no sale of any such housing accomodations shall take place until after the builder thereof has filed with the appropriate agency designated by the Expediter a description of such accommodations, including a statement of the proposed maximum sales price, and has received from such agency a certification that such price is reasonably related to the value of the accommodations to be sold, taking into consideration (1) reasonable construction costs not in excess of the legal maximum prices of the materials and services required for the construction, (2) the fair market value of the land (immediately prior to construction) and improvements sold with the housing accommodations, and (3) a margin of profit reflecting the generally prevailing profit margin upon comparable units during the calendar year 1941. Any prospective seller of such housing accommodations may apply for such certification at any time, including before the commencement of construction, during its progress, or after its completion. In any case where a certification of approval of a proposed maximum sales price has been issued prior to the completion of construction, the prospective seller may, at any time before the first sale, apply for such revision of the maximum sales price previously certified as may be justified by a showing of special circumstances arising during the course of construction and not reasonably to have been anticipated at the time of the issuance of the earlier certification. The first sale of housing accommodations the construction of which is completed after the effective date of this title shall not be made at a price in excess of the maximum sales price certified under this subsection. The actual price at which any such housing accommodations is first sold, plus any increases authorized pursuant to subsection (c), shall be the maximum sales price for any subsequent sale of such housing accommodations.

(c) The Expediter shall by regulation or order provide for appropriate price increases for major structural changes or improvements, not including ordinary maintenance and repair, effected subsequent to the first sale after the effective date of this title.

(d) The Expediter may promulgate such regulations as he deems necessary and proper to carry out any of the provisions of the title and may exercise any power or authority conferred upon him by this title through such department, agency, or officer as he shall direct. Any regulation or order under this title may contain such classifications and differentiations and may provide for such adjustments and reasonable exceptions as in the judgment of the Expediter are necessary or proper in order to effectuate the purposes of this title. The Expediter shall have power to forbid the export of any lumber or other materials to any foreign country which are needed for the housing program.

Mr. REVERCOMB. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk called the roll.

Mr. BANKHEAD. I have a general pair with the Senator from Nebraska [Mr. BUTLER]. Not knowing how he would vote, I transfer that pair to the Senator from Ohio [Mr. HUFFMAN], who if present and voting would vote as I am about to vote. I am therefore at liberty to vote, and I vote "nay."

Mr. BARKLEY. I announce that the Senator from North Carolina [Mr. BAILEY], and the Senator from Virginia [Mr. GLASS] are absent because of illness.

The Senator from Alabama [Mr. HILL], and the Senator frrom Ohio [Mr. HUFFMAN] are absent because of deaths in their families.

The Senator from Georgia [Mr. GEORGE] is absent by leave of the Senate.

The Senator from Maryland [Mr. TYDINGS] is necessarily absent.

The Senator from Mississippi [Mr. EASTLAND], the Senator from Illinois [Mr. LUCAS], the Senator from Maryland [Mr. RADCLIFFE], and the Senator from Georgia [Mr. RUSSELL] are detained on public business.

The Senator from New Mexico [Mr. CHAVEZ] is absent on official business.

The Senator from Texas [Mr. CONNALLY], the Senator from Louisiana [Mr. ELLENDER], and the Senator from Idaho [Mr. GOSSETT] are detained on official business at various Government departments.

The Senator from Pennsylvania [Mr. MYERS], and the Senator from Massachusetts [Mr. WALSH] are absent on official business as members of the Board of Visitors to the Naval Academy.

I wish to announce further that, if present and voting, the Senator from Pennsylvania [Mr. MYERS], and the Senator from Massachusetts [Mr. WALSH] would vote "nay."

Mr. WHERRY. The Senator from Nebraska [Mr. BUTLER], the Senator from Oklahoma [Mr. MOORE], and the Senator from Indiana [Mr. WILLIS] are absent by leave of the Senate.

The Senator from New Hampshire [Mr. TOBEY] is absent on official business.

The Senator from Michigan [Mr. FERGUSON] is necessarily absent. If present he would vote "yea."

The Senator from Nebraska [Mr. BUTLER] has a general pair, which has been heretofore announced and transferred.

The result was announced—yeas 41, nays 33, as follows:

YEAS—41

Austin	Carville	McClellan
Ball	Cordon	McFarland
Bilbo	Gerry	McKellar
Brewster	Gurney	Millikin
Bridges	Hart	O'Daniel
Brooks	Hawkes	Reed
Buck	Hickenlooper	Revercomb
Bushfield	Hoey	Robertson
Byrd	Johnston, S. C.	Saltonstall
Capper	McCarran	Shipstead
Smith	Thomas, Okla.	Wiley
Stanfill	Vandenberg	Wilson
Stewart	Wheeler	Young
Taft	Wherry	

NAYS—33

Aiken	Hatch	Mitchell
Andrews	Hayden	Morse
Bankhead	Johnson, Colo.	Murdock
Barkley	Kilgore	Murray
Briggs	Knowland	O'Mahoney
Capehart	La Follette	Overton
Donnell	Langer	Pepper
Downey	McMahon	Taylor
Fulbright	Magnuson	Thomas, Utah
Green	Maybank	Tunnell
Guffey	Mead	Wagner

NOT VOTING—22

Bailey	Glass	Russell
Butler	Gossett	Tobey
Chavez	Hill	Tydings
Connally	Huffman	Walsh
Eastland	Lucas	White
Ellender	Moore	Willis
Ferguson	Myers	
George	Radcliffe	

So, Mr. REVERCOMB's amendment, as modified, was agreed to.

Mr. REVERCOMB. I move to reconsider the vote by which my amendment, as modified, to the committee amendment, was agreed to.

Mr. BUCK. I move to lay that motion on the table.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Delaware [Mr. BUCK].

The motion to lay on the table was agreed to.

Mr. WHERRY. Mr. President, for myself and on behalf of other Senators I offer an amendment which I send to the desk and ask to have stated, and I ask that the names of the sponsors of the amendment be read.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. Mr. WHERRY, for himself, Mr. CAPEHART, Mr. REVERCOMB, Mr. BROOKS, Mr. ROBERTSON, Mr. CORDON, and Mr. WILSON, offer the following amendment: On page 38, beginning with line 23, it is proposed to strike out all down to and including line 16, on page 40, and insert in lieu thereof the following:

SEC. 11. The Administrator of Veterans' Affairs is authorized and directed to pay, under such regulations as he may prescribe, to or on behalf of any veteran of World War II a sum equal to 5 percent of the cost of a dwelling heretofore purchased or constructed by such veteran and to be occupied by him or his family as a home. No payment in excess of $500 shall be made to or on behalf of any such veteran and no payment shall be made to or on behalf of any such veteran with respect to more than one dwelling. Regulations prescribed under this section shall contain such provisions as the Administrator deems necessary to insure the use of payments made under this section for the purpose for which such payments are made.

Mr. WHERRY. Mr. President, the amendment needs very little explanation. I would say it is self-explanatory. What we propose by the amendment is to pay to the veterans by way of a direct benefit the $600,000,000 subsidy proposed to be paid to producers. Generally speaking, I have always been opposed to subsidies, though. I have voted for some. I voted against the production subsidy yesterday because I do not think it will result in producing any more lumber. Under the action taken

by the Senate yesterday a production subsidy will be given to the producers of the country, and the veteran will not receive any benefit at all thereunder. In fact the veteran does not receive any aid under the provisions of the bill as amended, because any other person can build a house just as cheaply as the veteran can even though he receives the so-called aid provided in the bill. Any other individual can build a house just as cheaply as the veteran can in spite of the aid proposed to be given to him under this so-called veterans' bill. The only advantage in the world that is given to the veteran under the bill as now amended is that he is given a priority. He does not get a special reduction in the cost of his house, because the same reduction is given to anyone else who builds a house.

The bill is framed on the old theory that if an incentive is made the cost of production is kept down. But if we really propose to give the veteran something, let us be fair, let us be honest about it. By the provisions of this bill we are not giving the veteran the advantage that some have claimed are given to him. Everyone in the United States is given the same benefit that is given the veteran under this bill. In fact, what is actually being done is to get the Senate to adopt incentive payments to producers, and that is being done by riding on the coattails of the veterans. The people of the country are being misled. The veterans are being misled. The veterans are not being given any benefit at all by this bill.

Now, what would the amendment just offered do? It would use the amount which would otherwise be paid out in subsidies to make direct payments to the veterans. The subject was discussed on the floor of the Senate yesterday by the able Senator from Ohio [Mr. TAFT] and by the able Senator from Kentucky [Mr. BARKLEY], and they said the bill would save to the veteran about 5 percent of the cost of the house. It was estimated that if he built a $6,000 house, the bill would save the veteran about $300, or if he built a $10,000 house, it would save him about $500.

Let me say, Mr. President, that there is nothing in the bill which would give the veteran a dime, no, not even a penny, if he were to buy a house. There are many veterans who would rather buy houses than build them. The only way some veterans are ever going to get houses is by buying them.

Mr. President, the previous title of legislation has been "National Housing Act." We call it now "Veterans' Emergency Housing Act." That is the title of the pending bill. We tell the veteran that this is an emergency measure. Why should we mislead the veteran. It is my opinion that if we strike out the provision with respect to incentive payments and require the Housing Expediter to allow flexible price ceilings we will get the needed production in the private profit motive way, and we will get more production than can be gotten by the incentive route. That is my position. If it is our purpose to give the veteran anything, let us be honest and honorable about it, and give the veteran a subsidy rather than give it to the producer, to whom benefits could come through production by the profit-motive way.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. BANKHEAD. Is this proposal in addition to the general incentive, or in lieu of the general incentive?

Mr. WHERRY. No; this proposal is in lieu of the incentive. The Senate has already voted to provide premium payments in the sum of $600,000,000. Our proposal is that instead of giving this money to the producer, as the result of which the veteran will have no favoritism shown him, or will receive no advantage, we should give the money to the veteran by way of direct aid. We propose to give it direct to the veteran instead of to the producer, because we can obtain needed production by the profit motive way to build the needed houses.

Furthermore under our amendment aid is given to the veteran who buys a home. There are 35,000,000 homes in this country, and some of them are going to be sold, and veterans are going to buy them. Instead of letting someone ride on the coattails of the veterans in obtaining subsidy payments, let us be fair about the matter; let us give the man who is buying a home the same advantage he is supposed to receive under the incentive subsidy, which is about 5 percent.

Mr. McCLELLAN. Will the Senator yield?

Mr. WHERRY. I yield.

Mr. McCLELLAN. As a general principle I believe I would favor the direct payment, possibly over the incentive payment provided in the bill. But this is what disturbs me about the amendment just offered. I also have some misgivings with respect to the incentive payments. By this legislation some veterans would be favored, but no provision is made to take care of other veterans. In other words, only the veteran who wants to buy a house in the future is provided for. Some veterans have already bought homes. They have obligated themselves to pay for them, and they still have the debt. The amendment just offered would make no provision to take care of the veteran who is in that situation. There are other veterans who perhaps own a home which has a mortgage on it, who are undertaking to go into business and become adjusted to civilian life, who need financial aid, and yet no provision is made for them. How are we going to justify an expenditure of Federal funds to give assistance to a veteran who merely wants to buy a home, and at the same time not make similar provision or comparable provision for payment to all other veterans?

Mr. WHERRY. I think the Senator has misread my amendment. The pending bill does the very thing the Senator is talking about. All the bill does is to provide an incentive to help veterans who want to build houses from this time on. The amendment I have just offered provides that a veteran who wants to buy a house for $10,000 will be given a $500 payment, and the one who wants to buy a $5,000 house will be given a $250 payment. It was asserted yesterday that a comparable saving would come to the veteran through the incentive payments made to the producers, but I do not think that saving will come back to the veteran. I want to include all veterans who want to buy houses, and if the Senator desires to bring under the bill all veterans who have bought houses since VJ-day, and give all of them the 5 percent, I have no objection. If the Senator wishes to amend the amendment and permit every veteran of the Second World War to receive the benefit payment, very well.

Mr. McCLELLAN. Mr. President, will the Senator yield further?

Mr. WHERRY. Yes.

Mr. McCLELLAN. I do understand the bill as it is at present with respect to the incentive payment. I voted to strike out the $600,000,000 subsidy.

Mr. WHERRY. So did I.

Mr. McCLELLAN. But I did it because I do not think that is the remedy for the present situation. I think the power already exists in the authority which OPA has, to adjust prices on all critical materials so as to obtain production. That power is already delegated by the Congress, and reposes in an official of the Government. It is not being exercised. It is not being administered to that end and to get those results. My position simply is that even if incentive payments are made, unless and until the condition which now exists is corrected, we are not going to get the needed production. The basic evil is the present pricing of critical materials, so that it is no longer profitable to produce them, and those who are in a position to produce are not producing, and our capacity for production is not being utilized. The incentive payment is not the cure for the situation.

Mr. WHERRY. I agree absolutely and in toto with what the distinguished Senator from Arkansas has stated. I, too, voted against incentive payments yesterday for the same reasons so ably set forth by the Senator from Arkansas. But I want to say to the distinguished Senator that the Senate now has willed to pay the incentive premiums. We have in this bill a subsidy of $600,000,000. What we want to do is to see that the subsidy gets to the veteran, and not to producers, to be reflected back to the veteran.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. McCLELLAN. The Senator's amendment, if adopted, would certainly offer no incentive toward production, would it?

Mr. WHERRY. I agree entirely with what the distinguished Senator has said, that the way to get production is exactly as he has described, that is, to require the Housing Expediter to compel OPA to provide a flexible pricing system which would result in increased production of lumber. When we get increased production of lumber, there will be no need for any incentive. We can get it in the way which has been suggested, as I shall attempt to prove later, whereas we could never get it through

the so-called emergency premium payments.

Mr. McCLELLAN. If the Senator will further yield, I should like to make my position clear.

Mr. WHERRY. I yield.

Mr. McCLELLAN. Since the Senator's amendment is not designed to increase production, but is designed to make a direct payment to the veteran, the position I am taking is that it is hardly fair for Congress to make a direct payment to one veteran who chooses to engage in one pursuit and acquire a home, and not make a similar payment to another veteran to do something else. Therefore we are discriminating against a great number of veterans.

Mr. WHERRY. That is what we would be doing in connection with the $600,000,000 subsidy. We propose to spend $600,000,000 so that some veterans may build homes, while we make no provision whatever for veterans who wish to buy homes. There is no provision in the bill to aid a veteran in buying an already existing house.

Mr. McCLELLAN. I do not believe that the incentive payment would actually help the veteran.

Mr. WHERRY. I agree with the distinguished Senator from Arkansas completely relative to the bill as it now stands. I do not believe that incentive payments would result in any more production than we have now. The only thing left in the bill which gives the veteran any benefit is the priority. I agree that priority in obtaining materials which are channeled by the Housing Expediter would be a direct benefit.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. CAPEHART. I should like to say a word in response to the able Senator from Arkansas.

In the first place, this bill is not a veterans' bill. In the second place, the bill plays favorites all the way through. It is proposed to grant a subsidy of $600,000,000. It is also proposed to guarantee the market for the sale of prefabricated houses. No one knows how much that would cost. It is estimated that the cost might be as much as $1,000,000,000. Yet we call this a veterans' bill. It takes care of only the veteran who wishes to buy a new house, a house to be constructed in the future. Why it was ever called a veterans' bill is beyond my comprehension. In the bill we single out veterans who wish to purchase new houses to be built in the future. We are doing absolutely nothing for the veteran who wishes to purchase an existing house. I do not know how many veterans will wish to purchase houses. Many of them will. But we are picking out the class of veterans who wish to purchase houses, and saying to them, "Hereafter we will give you 30 days in which to purchase all the new homes built in America. At the end of 30 days, if you have not purchased the house, they will be sold to nonveterans."

That is all we are doing so far as the veteran is concerned. We are doing nothing for the hundreds of thousands of veterans who would like to build a commercial place of business. We are doing nothing for the farm veteran who would like to buy a farm, a tractor, or other farm implements. We are doing nothing for the veteran who is a doctor, so far as renting a location for him or buying equipment for him is concerned. We are saying to one class of veterans, "We are going to do something for you." Then we are fooling them by making them believe that they are going to be able to buy houses cheaper, and that they are going to be able to get more houses because we have authorized the expenditure of a few hundred million dollars to pay subsidies and premium payments, or guarantee the market for prefabricated houses, when the manufacturers and businessmen of America are against the subsidy plan. They are against guaranteeing the market for prefabricated houses.

I was happy to join the Senator from Nebraska in offering the amendment. It is really and truly a veterans' measure. It would do something directly and specifically for the veteran, and it would do something for him now, not later. I hope the amendment will be adopted.

Mr. WHERRY. I thank the distinguished Senator for his contribution.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. WHERRY. I yield to the distinguished Senator from Arkansas.

Mr. McCLELLAN. The remarks of the Senator from Indiana have emphasized the position which I have taken with respect to the bill from the very beginning. But the point I am making is that if we do not stick to the incentive payments as provided in the bill, and undertake to make payments directly to veterans in connection with the purchase of houses, we shall be in the position of expending whatever sum of money is appropriated for the group of veterans who wish to buy houses, without doing anything, comparatively, for those who may choose to do something else. It seems to me that we are favoring a group of veterans and not favoring veterans as a whole. Those who are not interested in buying houses are going to be in the position of saying, "You gave $300 or $500 to certain veterans to buy houses. We think we ought to be taken care of proportionately in some other way." We are going to invite some criticism.

Mr. WHERRY. Mr. President, I should like to reply to the statement of the Senator. What are we doing under the pending bill but favoring a group of veterans?

Mr. McCLELLAN. I do not believe that we would be favoring a group of veterans at the expense of the Government if we were to stick to the proposition of channeling the material into construction and having prices fixed on a basis which would encourage production.

Mr. WHERRY. I agree absolutely with the Senator. The Expediter would have the right, without giving an incentive payment, to do what the Senator has suggested. But if we make incentive payments, we shall require every veteran, through taxes, to pay his share of the subsidy whether he uses it or not. So under the present provisions of the bill there is a great deal of discrimination against the veteran who does not build a house.

Mr. President, it is my opinion that there is more than one way to get production of houses. We have heard an abundance of evidence, ably presented to the Senate, to the effect that the way to obtain increased production is through an incentive program. After all, the interest of the veterans will best be served by a program which achieves the greatest number of houses of the best possible quality at the lowest possible cost. We are all agreed on that. The question is, Should that result be accomplished solely by the incentive route, or should it be done by establishing flexible prices under which private industry can furnish the lumber and other building materials?

Mr. CORDON. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. CORDON. The suggestion has been made that the amendment now pending would not in any way provide an incentive for the production of the materials necessary for a housing program. I am in agreement with that statement as a single statement of fact. The payment of a percentage of the cost of a house to the veteran who purchases it would not, in itself, provide the incentive necessary for a vast expansion of housing construction.

But the point I wish to make, if the Senator will indulge me a moment, is this: This bill puts into the hands of the Expediter the power to create that incentive; and he can create it in other ways, rather than by attempting to buy it. He can create it under paragraph (2) on page 22, and that is how it should be created. That paragraph provides that the Expediter may "issue such orders, regulations, or directives"—I do not like any one of those three words—"to other executive agencies, including the Office of Economic Stabilization"—which is Mr. Bowles—"and the Office of Price Administration"—which is the other bottleneck in production.

If Mr. Wyatt, or whoever the Expediter may be, will issue the appropriate orders to those agencies, there will be no need of any price incentive or premium payments. Production will come in a flood. The payment of the 5 percent, or maximum of $500, to the veteran will give to the veteran the offset which is necessary if he is to be given any preferential treatment whatever. God knows, if he is not entitled to preferential treatment, certainly all of us, who have done nothing but wait for him to win the war for us, are not entitled to it, as we would get it under the bill as it came from the committee.

The bill itself carries the authority to create all the production which is necessary; and the amendment which has been offered would channel any funds which are to be handed out to anyone, to those who have earned the right to receive them.

Mr. WHERRY. Mr. President, I thank the distinguished Senator from Oregon for his contribution, and for the points which he raises. I had planned to discuss those points, but they have been so

ably put that I am saved the trouble of discussing them.

As I have already stated, it is my sincere feeling that we all want to help the veteran. The question is how best to do it. Those who believe in the incentive method have a perfect right to their opinion, and I have a perfect right to mine. My experience as a member of the Small Business Committee, in talking with hundreds of producers of lumber and other building materials, leads me to the conclusion that the profit motive offers the best method of obtaining production; but that we must have a flexible pricing system—and by "flexible pricing system," I mean that we must establish prices which will permit the making of a profit based on current costs.

Mr. CORDON. Mr. President, will the Senator yield to me once more?

Mr. WHERRY. I yield.

Mr. CORDON. I am sorry to interrupt the Senator, but I hope he will give consideration to another criticism of the amendment, made by the distinguished Senator from Arkansas, which seems to me to be valid, and which I believe would improve the amendment if the distinguished Senator from Nebraska were to modify it accordingly.

The Senator from Arkansas calls attention to the fact that the amendment is prospective only in its operation, that it would provide a subsidy for only veterans of World War II who purchase or build houses after the date of enactment of the bill.

Mr. WHERRY. That is correct.

Mr. CORDON. If veterans are to receive the subsidy it would seem to me altogether proper to provide that any veterans who have purchased or built houses since the emergency began should be placed in the same position. I suggest that the Senator consider modifying his amendment to the extent of adding the words "heretofore and since December 7, 1941," following the word "hereafter" in the fourth line of the amendment, so that the amendment then would read:

> The Administrator of Veterans' Affairs is authorized and directed to pay, under such regulations as he may prescribe, to or on behalf of any veteran of World War II a sum equal to 5 percent of the cost of a dwelling hereafter or heretofore and since December 7, 1941, purchased or constructed by such veteran—

And so forth.

Mr. WHERRY. I accept the modification, Mr. President, because, after all, the Veterans' Administration is responsible for handling the benefits received by veterans, and it is the authority which defines the status of the veteran. I shall be glad to modify my amendment so as to make it cover all veterans of World War II, so that no partiality shall be shown in respect to giving to veterans the aid which will be provided by my amendment and by the act.

The PRESIDING OFFICER. The Senator has a right to modify his amendment, and it will be modified accordingly.

Mr. WHERRY. Mr. President, I should like to return for a moment to a discussion of the question of production. As I have said before, I feel that all of us have a right to express our opinions about the way to obtain production. I know that maximum production has a terrific effect upon prices, and I know that an ample supply or a surplus of a given commodity has a tendency to keep down its price, and it serves a useful purpose because then everyone who wishes to obtain the commodity is able to do so.

I know that in this country the private enterprise system has always produced sufficiently, if given a chance. No country in the world had a better production record during the recent war than did the United States, and our production record was made the free enterprise way.

Mr. KILGORE. Mr. President, will the Senator yield?

Mr. WHERRY. Mr. President, I shall be very happy to yield. I always yield. I should like very much to explain the amendment first; and if the Senator from West Virginia will ask me his question afterwards, I shall be glad to answer it. Will that be satisfactory to the Senator?

Mr. KILGORE. Mr. President, I might merely observe that the Senator from Nebraska has yielded to Senators on his side of the aisle, but he does not now yield to a Senator on the other side of the aisle.

Mr. WHERRY. Mr. President, if the Senator feels that way about it, I shall be glad to yield.

Mr. KILGORE. I withdraw my request.

Mr. WHERRY. Mr. President, I am speaking in favor of the veterans. If we are going to give aid to the veterans, I think we must put the aid in the hands of the veterans, rather than in the hands of the producers.

If the Senator from West Virginia feels that I have been partial in yielding, I shall be very glad to yield to him now. If not, Mr. President, I should like to continue my statement, and to say for the third or fourth time that I think all of us have a right to express our opinions about production. I am one of those who firmly believe that if we establish prices under which production can be obtained, regardless of whether it is production on the farm or in the forest, whether it is production of lumber or of other commodities, we shall be making the best possible contribution.

Mr. McFARLAND. Mr. President, I suggest that the Senator also include the production of copper.

Mr. WHERRY. Mr. President, of course there are times when there is a scarcity of production of the goods we are talking about—for instance, when too low a ceiling is placed on the price of the goods, and especially when domestic production is interfered with by goods coming from abroad under a reciprocal trade agreement, particularly from countries where lower wage scales exist. That, however, is an entirely different situation, and is not at all comparable with the one we are now considering.

Today we no longer have any tariff to speak of. So now the system has been changed, and today the requirement is that the prices of commodities must include or reflect the labor costs, as well as other costs both at home and abroad.

However, I am not talking about that problem. I am talking about the wholesale production of lumber, food, and various other commodities which can be produced in this country, and with respect to which no difficulty arises because of competition with foreign countries. That is an entirely different matter. Here in the United States we can produce the lumber and the brick we need. In my own State there are half a dozen brickyards that are closed today. If the OPA had, 6 months ago, granted an increase of $2.50 a thousand on brick, those brickyards would be operating today; but as conditions now are, they simply cannot operate under the price ceilings which the OPA has fixed.

Yesterday I read to the Senate a letter which was written by the vice president of the Johns-Manville Corp. In his letter he states that his corporation has stopped manufacturing about a dozen different articles, including shingles, which are used in house construction. Why? Because they cannot produce them at a profit, under the prices allowed by the OPA. All Members of the Senate know that to be so.

So if the establishment of a flexible price structure is permitted, it will be possible to obtain the needed production, and then it will not be necessary to pay subsidies in order to help the veterans indirectly. As a matter of fact, in my opinion the subsidies will never get back to the veterans.

Mr. McFARLAND. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER (Mr. HOEY in the chair). Does the Senator from Nebraska yield to the Senator from Arizona?

Mr. WHERRY. I yield.

Mr. McFARLAND. When I spoke a few minutes ago, I was not trying to take issue with the Senator.

Mr. WHERRY. I realize that.

Mr. McFARLAND. I simply wished to ask the Senator to help us get a fair price established for copper.

Mr. WHERRY. Mr. President, I will say to the Senator from Arizona that there is no Member of the Senate whom I have tried to help more than I have tried to help him. My first speech in the Senate was made in an effort to help the Senator from Arizona in connection with a bill in which he was interested. As a matter of fact, I received a tremendous number of letters protesting against that action on my part. [Laughter.]

Mr. McFARLAND. Mr. President, perhaps I had better sit down.

Mr. WHERRY. Oh, no; not at all. I wish to help the Senator; and I have the highest regard for him, as he knows.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. OVERTON. Let me inquire whether the amendment would permit the Administrator of Veterans' Affairs to take care of the widows of veterans?

Mr. WHERRY. The Administrator of Veterans' Affairs can take care of the widows of veterans today. Any right

which accrues to a veteran can be extended to the widow of a veteran by the Veterans' Administration.

However, if the Senator from Louisiana is able to suggest more appropriate language—and I realize that I am now talking to one of the most able lawyers in the country——

Mr. OVERTON. I thank the Senator.

Mr. WHERRY. If the able Senator from Louisiana can suggest a modification of my amendment by which the widows of veterans can be better helped, I shall be glad to accept it.

The Veterans' Administration will administer this matter in the same way that it administers any other benefits which veterans receive. So I say that if the Senator from Louisiana is able to suggest more appropriate language—and he knows I have the highest regard for him, and as I have said, he is a distinguished and able lawyer—I shall be glad to accept it as a modification of the amendment.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. McFARLAND. First, I wish to say that I agree that an increase in the price of lumber and in the prices of other materials will result in increased production. We have been working for a reasonable increase in prices, and recently there has been an increase in the price of western pine.

Mr. WHERRY. The increase in price has been confined to just one product—western pine.

Mr. McFARLAND. It includes western pine.

Mr. WHERRY. That is correct.

Mr. McFARLAND. There should be other adjustments. However, I wish to ask the Senator whether the adoption of his amendment will result in increased production.

Mr. WHERRY. It will.

Mr. McFARLAND. How?

Mr. WHERRY. I am about to explain that now, if the Senator will permit me to do so.

Mr. McFARLAND. We are talking about production. I think increased production will help the veterans. It will mean more homes for them. So it seems to me that the real question is whether the Senator's amendment will result in increased production.

Mr. WHERRY. It will.

Mr. McFARLAND. Frankly, Mr. President, I have talked to a considerable number of ex-servicemen along the line of the amendment offered by the Senator from Nebraska and they have expressed doubt that it will increase production. Of course, that is what we are trying to accomplish.

Mr. WHERRY. Allow me to ask the distinguished Senator a question. Does he not feel that if flexible prices were allowed in the building industry we would obtain production?

Mr. McFARLAND. When I voted for premium payments I did so because I thought they would be used to stimulate production.

Mr. WHERRY. I understand. I myself believe that most of the Senators who voted for the amendment yesterday did so on the theory that it would stimulate production. But I assert to the distinguished Senator from Arizona, and I can back up my statement by reference to numerous statistics showing production during the past 160 years, that if we remove the restrictions from the backs of producers, and give them merely a bare profit on which to operate, we will have production in a greater volume and at a lower cost than we will ever obtain under a system of incentive payments.

Mr. McFARLAND. I do not like subsidy payments for the building industry, but I recognize that a great emergency exists involving housing for veterans.

Mr. WHERRY. The emergency will continue to be just as urgent, whether lumber is produced by the incentive payment route, or by the profit-motive route. There are those among us who believe that production can be increased by the profit-motive route. I do not wish to quote anyone, but yesterday several Senators wrapped the flag around themselves in protestations of help for the veteran. The proposal I offer would help the veteran by giving him a direct benefit.

Mr. McFARLAND. I believe that every Senator who voted for the subsidy did so because he felt that in so doing he was helping the veteran.

Mr. WHERRY. That may be true, but those of us who did not vote for it felt that we could help the veteran a great deal more by pursuing another course.

Mr. KILGORE. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. KILGORE. The Senator from Nebraska has used the term "flexible prices." I should like to know what is the proper definition of "flexible prices." I should like to have the Senator give a definition of the term.

Mr. WHERRY. I shall be glad to do so. A flexible price does not mean that ceilings should be removed from the price of building materials. I am merely arguing that the price be a flexible one. "Flexible" is a word which is used by economists, and they define it as a price sufficient to produce a reasonable profit, based on current costs.

Mr. KILGORE. Is it true that under the plan being proposed the profit motive may be no part of a plan to stimulate production?

Mr. WHERRY. That would be up to the Housing Expediter. He would have absolute authority, under the bill, to settle that matter.

Mr. KILGORE. Allow me to cite an example. Let us say there are five automobiles in a certain town, and that 10 persons want to buy them. Six of them have unlimited funds, and the remaining four have limited funds. To give those persons $100 each would not help them in their purchase of automobiles. The thing that would help them buy automobiles would be to place 10 automobiles in the town so that competition would result in selling them. If we have a flexible price we must have competition in selling the article which producers wish to dispose of.

Mr. WHERRY. I agree with the Senator. If, 6 months ago, we had given the automobile companies a flexible price system so that they could produce automobiles at a profit, even a small profit, we would have 100 automobiles where we now have only one. I happen to know something about that subject. Today we are expecting a dealer in automobiles to sell them for the same price he sold them for in 1942. It is an acknowledged fact that labor costs have increased 40 percent. Only a month ago we gave union labor a considerable increase in the compensation they receive.

Mr. KILGORE. Mr. President, I apologize to the Senator for diverting from the subject at hand and getting onto the subject of automobiles.

Mr. WHERRY. No, Mr. President; the Senator from West Virginia does not need to apologize. He has given the best illustration of which I know. If we had given the automobile companies the right to charge an adequate price for their products there would be many more automobiles in West Virginia than there are today.

Mr. KILGORE. Of course, the first thing we must do in connection with meeting the demand for housing is to obtain steel and other building materials.

Mr. WHERRY. Very well; then let us get back to the subject of lumber.

Mr. KILGORE. I am talking about the housing situation. I am very sincere in my statement, but I believe that the building and ownership of homes can be stimulated if we help the veteran. But merely giving him a small sum of money will not produce for him a house if the number of houses to be constructed is limited.

Mr. WHERRY. Mr. President, the same answer could be made to the Senator's observation as the one which I made with reference to automobiles. Some time ago I spent 2 weeks in Nebraska, and visited a number of small retail lumber yards. Senators would be surprised to know the small stocks of materials now lying in those yards. It is impossible sometimes to prove the existence of black-market operations, but if one will listen to those who are seeking relief from OPA restrictions, one will learn that in States such as Oregon, California, Washington, Idaho, Minnesota, Michigan, and in various sections of the South, a great bulk of the lumber being sold is hauled on trucks and disposed of on the black market.

Mr. MURDOCK. Mr. President, am I correct in understanding that the Senator's amendment is limited to the veteran who wishes to buy a home?

Mr. WHERRY. Oh, no.

Mr. MURDOCK. I am sorry if I misunderstood the Senator.

Mr. WHERRY. The amendment provides——

Mr. MURDOCK. I am sorry that a copy of it is not available to Senators on the floor.

Mr. WHERRY. I submitted it only recently. I shall be glad to let it lie over until tomorrow if the Senator wishes to study it in the meantime. The amendment has been modified to include not only those who wish to buy or build

homes, but those who may have purchased homes prior to the enactment of the legislation, and would be entitled to such consideration as veterans of World War II.

Mr. MURDOCK. I know that the Senator does not wish to discriminate against any veteran.

Mr. WHERRY. No.

Mr. MURDOCK. He does not wish to differentiate between this veteran and that veteran.

Mr. WHERRY. No.

Mr. MURDOCK. I believe that the evidence before the committee will bear out my position. I can imagine that there will be millions of veterans in this country who will not want to build or buy homes, but will, nevertheless, need homes in which to live.

Mr. WHERRY. Yes.

Mr. MURDOCK. In all probability, those veterans will rent homes. Under the Senator's amendment, what consideration is to be given to them?

Mr. WHERRY. Let me ask the Senator, What will be done with the veterans under the amendment which was agreed to last night?

Mr. MURDOCK. As I understand, the pending bill contemplates that some veterans will wish to build homes, and that others will wish to buy homes.

Mr. WHERRY. What benefit does such a veteran receive under the bill?

Mr. MURDOCK. Other veterans will wish to rent homes. I am not so sure that the pending bill represents the only remedy, or the best one, but in my opinion, it is the best one that has yet been submitted, and each veteran in the United States will come under the provisions of the bill. If he wishes to rent, it is hoped that under the provisions of the bill an apartment will be made available to him at a reasonable rental.

Mr. WHERRY. Mr. President, there are no provisions in the bill with reference to apartments.

Mr. MURDOCK. Yes; there are.

Mr. WHERRY. Where are they?

Mr. MURDOCK. I know there are no apartment provisions, as such, but there are provisions in the bill, if the Senator will indulge me, which provide for incentive premiums to be paid for the construction of apartments.

Mr. WHERRY. Yes; for the production of materials.

Mr. MURDOCK. Yes; in order to obtain materials.

Mr. WHERRY. And the priorities go into the construction of houses.

Mr. MURDOCK. What the Senator wishes to do is to make every veteran in the United States a victim of some real-estate program.

Mr. WHERRY. Every veteran in the United States is to be required to pay his share of a subsidy which the Senator would give to the producers, whether the veteran wished to build a house or not.

Mr. MURDOCK. I may say, however, that the remaining people in the United States would be included.

Mr. WHERRY. That may be.

Mr. MURDOCK. One hundred and forty million people in the United States would be included.

Mr. WHERRY. I contend that in many ways the veteran will receive no benefit whatever.

Mr. TAYLOR. The Senator said that the veteran receives no benefit. He receives priorities.

Mr. WHERRY. Oh, no. The Senator was not here when I made my statement. If he will listen to me now——

Mr. TAYLOR. I have been here all the time.

Mr. WHERRY. I have stated not only once, but at least half a dozen times——

Mr. TAYLOR. At least that many times.

Mr. WHERRY. Yes; so the Senator should have heard me. I said that the only thing which the veteran receives is a priority. I admit that. If the RECORD does not show it, I should like to have it underscored.

Under the bill the only benefit the veteran gets is a priority. He builds a house, or I build a house. I am not a veteran of this war, so I am not entitled to a priority, but I go out and build a house as a civilian. I pay the same price the veteran pays, he pays the same price I pay, and we all pay the subsidy. What are the veterans receiving except a priority, and if the priorities do not work any better in this case than they have worked as to lumber up to now, the results will be negligible. We have had priorities in force on lumber. The Senator knows that to be so, for he is on the committee. It all goes into the black market, where there can be no priority.

I should like to call attention to the speech of the senior Senator from New Mexico [Mr. HATCH] relative to the priorities that were not observed in the disposal of surplus property. He said the condition was terrible, and he has introduced a bill to see if there cannot be some protection against the black marketing of surplus property, and to see if we cannot somehow provide that the veteran shall get his priority.

We have not any assurance, and I cannot believe, that the incentive premium plan will result in the production of any more lumber, or that it will result in any lumber being taken out of the black market.

Mr. TAYLOR. I can tell the Senator that it would, but I cannot prove it in advance.

Mr. WHERRY. There is no evidence to show that it can be done.

Now let me continue to expound my philosophy of private enterprise, which I think is the thing which has made America great. We never made America great by paying subsidies or paying incentives, and we did not know what black markets were until subsidies were provided, and we have not heard the last of them.

Speaking of incentives, the bill as it passed the House gives the Housing Expediter virtually czarist powers over all new construction. Just think of it, he has more power than Congress ever gave Bowles. Of course, he will not assume as much power as Bowles assumed. The Expediter can control prices on all new houses at every step of their construction. He can control prices of new houses in the first sale and in the resale. He can issue orders.

Listen to what the Housing Expediter can do to make an incentive. He can issue orders or directives to other executive agencies. He can compel OPA to fix a price that will permit the production of lumber. He can direct OPA to make such price adjustments as are necessary, and such price adjustments as would have been made 2 years ago if there had been a desire to bring about heavy production of lumber.

He can give such directives as to stop the exportation to other countries of lumber which our veterans need now. I understand that day before yesterday an order was issued to cut it 25 percent. He can carry out the billion dollar mortgage insurance program intended to encourage the production of rental houses.

These are only a few of the powers which the Housing Expediter has under the bill, and which he can use to help the veteran get a house.

Think of it! We are asked to give an incentive to the producer under the theory that the producer can thereby produce more quickly and at less cost, and furnish more material, which will be reflected to all the people of the United States.

I may say to the distinguished Senator from Idaho—and I think he must know it to be so—that if we could get a flexible price increase which would permit production at a fair profit on current costs, we would get all the lumber we needed to build these houses. I make that statement based upon authority, because we already have assurance that 1,500,000 houses will be built this year. That is the testimony, that 1,500,000 will be built anyway, without any incentive program.

Furthermore, yesterday we provided for a guaranty on prefabricated houses to Mr. Kaiser, or anybody else who wants to build them, up to the number of 200,000, at any time they are in construction. It really means we guarantee 850,000 houses, if we take the explanation of the majority leader as to how the guaranty will be applied, that is, that the Expediter will continue to guarantee 200,000 houses all the time. If there were 200,000 houses and 20,000 were sold, when the 20,000 were sold 20,000 more would be put in the program. So that until the program is completed it is really a floor we guarantee under 850,000 homes of the 1,500,000 houses which the majority leader and the Senator from Ohio say will be built whether we have an incentive program or not.

Just think of that as we hear it said that the producers should be given an incentive so that assistance may be afforded to the veterans if and when they build houses under a veteran's building program. We voted a $600,000,000 subsidy, and all I am asking the Senate to do is to take the $600,000,000 and give it to the veteran, let him buy a house, and help him to the extent of 5 percent; that is all.

Mr. TAYLOR. Mr. President, will the Senator from Nebraska yield?

Mr. WHERRY. I yield.

Mr. TAYLOR. Yet a while ago the Senator voted not to put any ceilings on houses, and then he would give the veteran money to pay any price, clear to the sky.

Mr. WHERRY. Mr. President, if we may have a housing program, if the lumber may be furnished, old houses will go down in price so that they will not bring half what they are selling for today. There is going to be a black market in housing just a there is in building materials if ceilings are put on. Mr. Snyder testified before the committee, and if I recall his words correctly he said it would be almost an impossible task to abolish the black market in the sale of houses if a ceiling is put on. The only way in the world to clean up a black market is to get production, exactly as in the case of used automobiles. Just as soon as the manufacturers announced the new cars and the new prices, the prices of the old cars were cut in two. Is that not correct?

Mr. TAYLOR. No; it is not.

Mr. WHERRY. It is correct. There is no one who would give half as much for an old Ford as he would have given 6 months ago, because the new cars are just around the corner, and people are going to buy the new cars at a price set by the Administrator. It applies not only to the low-priced cars, but to the high-priced cars; the prices of used automobiles are going down every day. The same thing will happen in regard to houses.

Mr. TAYLOR. I agree with the Senator that the prices will go down, but so far they have not gone down much, if in any degree.

Mr. WHERRY. I have all kinds of testimony to that effect, and the Senator knows it. He is a member of the committee.

As to incentive payments, let me make a further statement. I am sorry the distinguished senior Senator from Michigan is about to leave the Chamber, because I should like very much to have him hear the example I am about to give.

Mr. VANDENBERG. Will the Senator yield?

Mr. WHERRY. I yield.

Mr. VANDENBERG. I have to go and listen to another atomic bomb explode. [Laughter.]

Mr. WHERRY. I should like to say to the distinguished Senator if that is why he is leaving, he has my permission. I only hope the atomic bomb here will go so high and go so far that the Senate of the United States, if it is going to give a subsidy to anybody, will give it to those to whom it should be paid, and not to a group of producers who do not need it. We should give them a price under which they can operate, and which will also make it possible for the Government to collect taxes on their profits—and we are going to need plenty of taxes to pay the $275,000,000,000 debt which the country owes today.

Of course, Senators will smile when I mention meat, but I shall refer to that subject. Meat incentives did not result in the production of meat. I know something about meat, as does the Senator from Idaho. Does he know how much subsidy we pay on a thousand-pound steer today if it brings $17.50 a hundred? Does the Senator know?

Mr. TAYLOR. No.

Mr. WHERRY. We pay $51.46. We pay that as a premium incentive to get production of meat. I have here a market letter which came in today, which says:

> The black market in meat is worse than it has ever been.

By the way, it has been in operation ever since Mr. Vinson gave the directive back in 1943, and it is getting worse every day, and yet, I want Senators to know, we have 10,000,000 more cattle in this country than we had in the 10-year average period before the war. We have so many cattle we do not know what to do with them.

Mr. TAYLOR. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. TAYLOR. I saw an article in the paper a few days ago to the effect that some employees of a big packing company were asking for a congressional investigation. They said the big packers were responsible for the meat shortage.

Mr. WHERRY. I should like to say to the distinguished Senator that I have two communications in my pocket from union labor leaders who are asking that OPA restrictions be taken off entirely from the production of meat because it is destroying their jobs. They do not have jobs.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. CAPEHART. I should like to ask the able Senator from Idaho when the packers ever grew any cattle, hogs, or lambs, or ever produced any animals of any kind? All they can do is take what is raised by the farmers and delivered to their plants. Therefore it would be impossible for them to be responsible for the meat shortage.

Mr. WHERRY. Mr. President, let me read from one of these letters—

> The black market in meat is worse than it has ever been. Black market profits in cattle now run $50 a head. Swift & Co. at Fort Worth is laying off its men. Its cattle kill is running 15 percent of normal.

Just think of it, 15 percent of normal.

> The new cattle rustlers grab the rest, slaughter them in dirty barns, and the profits, of course, pay no taxes.
>
> In Kansas Swift, Armour, Wilson, Cudahy, and Morrell are said to have reduced their operations by 80 percent.

Just think of it, 80 percent of their normal kill. Why?

> OPA can't force them to lose $15 a head forever. Government officials estimate that noninspected black-market meat has tripled since last fall.

The Senator well knows that whereas there were 4,000 packers in the United States before the war, the number has now increased to more than 24,000. Many of those do not even expect to collect their subsidies because they sell their meat on the black market.

My reason for mentioning this is that it is the result of incentive payments. If the OPA would open up the market as it should have done—the Senator from Wyoming [Mr. ROBERTSON] knows about it, as he is familiar with meat production—if OPA had opened up the price in 1943 and permitted us to produce we would have furnished at reasonable prices all the meat we needed and need now, and our people would not have had to buy their meat in the black market, which has been the result. That is what has happened in the great meat industry.

Now we are asked to apply the same treatment to the lumber industry. That is exactly what will happen. We simply cannot get production by the incentive route. When we start restricting, start licensing, start dealing out assistance here and there, then we play favorites, and the first thing we know we get a black market. There will be more black markets in lumber than we have ever had if this incentive program goes through. That is the testimony of those in the business, those who know what they are talking about.

Senators might say it is inflationary. If it is inflationary to give the veterans 5 percent directly it is just as inflationary to give the producer $600,000,000 by way of incentive payments. What is the difference? The one is just like the other. It is too late now to say that this thing cannot be done because it is inflationary. The Senate has already voted to provide $600,000,000 by way of incentive payments. Let me tell you, Mr. President, that if the $600,000,000 does not do the job we will have a deficiency bill in the Senate in 6 months providing for an additional $600,000,000, and if that further sum does not do the job there will be another deficiency bill calling for the appropriation of $600,000,000 more, because we are never going to let these veterans down.

Mr. President, no one knows whether this program is going to cost $600,000,000 or $6,000,000,000. The foot has been placed in the door, and we have to make good on the program. If it is inflationary to give the money directly to the veteran, it is inflationary to give it to the producer. There is no difference between the two methods. One is the same as the other. As I said, we have already voted $600,000,000, merely to begin this program.

The history of subsidies is that Congress has never appropriated sufficient money in the first instance. Consider the food subsidy. I shall never forget the address delivered by the Senator from Georgia [Mr. GEORGE] when we elected to go the subsidy route. I ask Senators to read that speech. What he said in that speech has come true today. He made it back in 1943. It is one of the finest speeches I have ever heard delivered. Once we elect to go this route, we cannot stop. If the first $600,000,000 appropriated does not do the job, another $600,000,000 will have to be appropriated. No one can say that $600,000,000 will do the job. If it is inflationary to make a direct payment to the veteran, it is also inflationary to give the producer the incentive subsidy.

Mr. HAWKES. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. HAWKES. I want to accentuate the truth of everything the Senator from Nebraska is saying concerning subsidies. I have had a way for a great many years of saying that one subsidy leads to another subsidy, and the other subsidy leads to still another subsidy, and the whole thing leads to socialism.

Mr. WHERRY. That is correct.

Mr. HAWKES. The Senator said that it was not the subsidy process that was followed in the building of America. I will say that if such a process had been followed, we would not have had our America; America would not have existed at all. I shall have considerable to say about the subject of subsidies some of these days, and about the trend of America toward socialism, and what it means.

The Senator just made a statement that we were not going to let the veterans down; that we would vote $600,000,000, and then vote another $600,000,000, and then vote another $600,000,000. The Senator is a veteran; he is an American; is he not?

Mr. WHERRY. Yes.

Mr. HAWKES. Does he not have an interest in the United States of America?

Mr. WHERRY. Yes.

Mr. HAWKES. Did he not think he was fighting the war to preserve the American way of making a living?

Mr. WHERRY. Yes.

Mr. HAWKES. Then, would he not be let down if we destroy the foundation of the thing he thought he was fighting to preserve?

Mr. WHERRY. Yes.

Mr. HAWKES. I want to say to the Senator that unless we watch out and are careful of what we do with the veterans' money; if we do not give him any benefits when we throw this money out in the street the way we are doing, then we are letting him down. The Senator and I are in favor of giving the veteran a square deal. The Senator and I know that there is no way that we can ever repay the American soldier who has gone abroad and fought in this war. There is no way of repaying him, but we want to do an honest job and give him a square deal in trying to help him obtain a home and help him out of his difficulty. We want to help him back on his feet as a great American citizen.

Mr. WHERRY. I thank the distinguished Senator from New Jersey for his contribution. I know how deeply he feels about the philosophy he so ably expounds. I trust he will not delay too long making the speech he proposes to make on subsidies. If there were ever a time when we needed such a speech it is now.

Mr. President, I have voted against subsidies because I do not believe in them, and the Senator knows it. But we have already provided $600,000,000 in this bill. Instead of giving it to the veteran, we are giving it to the producer. If what we do runs true to the history of everything else we have done, it will not help the veteran; it will help only the producer. It will not get back to the veteran. Oh, yes, Senators will stand on the floor and say, "It will result in holding prices down." But such action has not resulted in holding prices down in connection with any other industry that I know of, and it will not do it with respect to lumber.

Mr. President, I wish to say in all sincerity, and with no animosity toward anyone, nor do I quarrel with those who believe in the other system—and if they want to vote the amendment down, that is their privilege—but I want to say to my Legion friends and to those whom I represent in my home State that I think this bill is a misnomer. I do not feel that it provides a subsidy to the veteran at all. It does not give him an advantage over anyone else. I can build a house just as cheaply as a veteran can under this bill. The only advantage he has over me is that of priority, as was brought out by the distinguished Senator from Idaho [Mr. TAYLOR]. I agree with him on that.

I wish to say that if we can get production by the profit motive route we will not have to worry about allocations, we will not have to worry about priorities. We will get the lumber, we will get the brick, we will get the pipes if we will give the producers a chance to produce at a profit. I make that statement after 2 years of intense study, and after attending meeting after meeting of the Small Business Committee, of which the able Senator from Montana [Mr. MURRAY] is chairman, and the distinguished Senator from Idaho [Mr. TAYLOR] is a member. He knows from the reams of testimony that have been taken in that committee, not only in respect to lumber, but in respect to other industries, that the trouble we have encountered at the very outset has been due to price impediments. I think it is not an exaggeration to say that nine times out of ten the trouble is the matter of price. What is the difference whether we obtain production by proper pricing or giving an incentive payment? We will all have to pay the bill. One method is just as inflationary as the other. But in this particular case we give the veteran who has bought or built a house a break if we use the direct payment method. The veteran does not have to go to an administrative agency, because the money is his. He can apply it on the purchase of the house or in building the house. What is unfair about that? If the bill is passed in that form it will provide a direct subsidy to the veteran. If we are to go the subsidy route, let us give the money to the veteran himself and not to some producer who will not reflect it back in the price of his material.

Under the bill the Housing Expediter has absolute authority. He is a czar. He can do as he pleases. He can set the prices. He can raise them. He can lower them. He can do anything he wants to do to create an incentive to obtain production. So why are we giving the incentive to the producer? If there is to be a subsidy at all, let us give it to the veteran who needs it, who has earned it.

Mr. HAWKES. Mr. President, will the Senator yield for a moment?

Mr. WHERRY. Yes.

Mr. HAWKES. I want to emphasize the point we have been making, the validity of which a number of Senators have questioned. They say that the bonus arrangement, or the payment of 5 percent to the veteran, discriminates against the veteran who does not buy a house right now, or against the veteran who might not be interested in buying one. I want to emphasize the fact that so far as I can see, it does not discriminate in any different degree than the bill as it stands discriminates.

With respect to one little privilege contained in the bill as it stands, which gives the veteran 60 days in which to buy a house and 30 days in which to rent it, a veteran will have to be pretty quick on his feet to take advantage of that provision.

Mr. WHERRY. That is correct.

Mr. HAWKES. And I can conceive of thousands of veterans losing the opportunity because they have not been quick enough on their feet. Therefore we are subsidizing industry to give opportunities to other people than veterans to buy houses.

Mr. WHERRY. Mr. President, I thank the Senator from New Jersey for his contribution.

I am sorry I have imposed upon the time of the Senate as long as I have. I am sincere in what I say about the amendment. It is offered with the best of motives. If the Senate decides not to give the direct subsidies, very well. Every Senator has the right to do as he pleases. But I am sincere about the matter. I have not offered the amendment, as suggested by the Senator from Florida, as a crippling amendment, because the measure already carries $600,000,000. It is merely a question of whether we want to give the money to the veteran or to the producer. I feel that if we should give any subsidy at all it should go to the veteran. That is one side of the question. Senators can eliminate the whole subsidy, and if the Housing Expediter will give us price ceilings under which we can operate at a profit we will obtain the lumber. The $600,000,000 has been tied in with the other provisions of the bill. That is why I am offering the amendment.

Mr. President, in conclusion I wish to say that in my opinion, if we continue the $600,000,000 subsidy provided by this bill until December 1947, we shall absolutely have guaranteed the extension of OPA. If Senators want to extend OPA, very well. If they wish to extend it for a shorter period of time than the House has done, very well. But the Housing Expediter will use the OPA to enforce the provisions of this bill, and if we vote a continuation of the $600,000,000 subsidy until December 1947, we in reality put our stamp of approval indirectly on OPA. Senators can take issue with that statement, but I think it is true. That subject is brought up in connection with this bill, and just as sure as that I stand here, when extension of the OPA comes before us we will hear it said, "We need OPA because we have to have OPA in connection with this veterans' housing proposition." Some may say, "It has no place here." OPA is in the bill. It is the agency which enforces prices. It is the agency to which the Expediter gives his orders. If we pass this bill as it is it will mean the extension of OPA.

Mr. President, I ask for a yea-and-nay vote on the amendment.

Mr. MORSE. Mr. President, will the Senator yield for a question?

Mr. WHERRY. I yield.

Mr. MORSE. I am sorry that I did not hear all of the Senator's speech. The point which is troubling me is that the bill as it now stands does not contain any ceiling on old houses. I am sure that the Senator from Nebraska will agree with me that a great many veterans are being gouged today by the prices which they are forced to pay for houses, prices which are out of all relation to their true value. Sooner or later those veterans will have to hold the sack for the exorbitant prices which they have had to pay for old houses. Without a ceiling on old houses, and with the adoption of the $500 figure which the Senator suggests—and for which I would vote if there were a ceiling on old houses—would not one of the effects of the amendment be that the speculators would see to it that the veteran was "soaked" another $500 by an increase in the price, because he must have a house? The speculator would know that the veteran had an additional $500 to sink into a house which was not worth the price he was asking.

Mr. WHERRY. That criticism is a very just one. But the veteran is not compelled to buy an old house. My provision would give him the money to use in building a new house. Materials are to be allocated by the Expediter, and the veteran can always build a new house. That should be the guide, and will be the guide, as to whether a veteran pays an exorbitant price for an old house.

Secondly, $500 is the maximum amount. It was contended yesterday that the saving which would be made to the veteran would be approximately 5 percent, or $300 on a $6,000 house. It was stated that the program provided for the construction of houses costing as much as $10,000. My amendment does not provide that the veteran shall receive $500. He will receive 5 percent of the purchase price or the construction cost of a house costing up to $10,000. Five hundred dollars would be the maximum. If a veteran wished to buy a house the price of which was exorbitant, he could always build a house, under the terms of the bill. There is no provision for one who wishes to buy an existing house. Many veterans would like to buy existing houses which are decently priced—perhaps from some friend or relative. A veteran may not wish to wait and build a house. He should not be precluded from buying an existing house. Certainly the veteran would have all the advantages. He would not pay an exorbitant price for an old wreck of a house, in view of the fact that he could always build a new house.

Mr. MORSE. I thank the Senator. I think I understand his point of view.

Mr. WHERRY. The Senator's criticism is a good one.

I should like to say something else to the distinguished Senator from Oregon. I have received many communications from writers in his section of the country asking that flexible prices be established. There is no ulterior motive in my philosophy. I feel that the Housing Expediter, who would be given the authority of a czar, could set prices which would give us production immediately. If we wait until the incentive-payment plan is put into effect, to be based upon what a manufacturer did during a certain base period, and until every manufacturer has been granted a vertical increase, it will be next December before we can start the construction of houses. It is an impossible task. If the Expediter could agree upon a flexible price system so that mills in Oregon could produce at a profit, the distinguished Senator knows as well as I do that such a plan would give us immediate production. If we can get production, it will do more to remove the pressure of high prices for old houses than anything I know of.

Mr. MORSE. I thank the Senator. I merely wish to make this comment: Without the ceiling to protect the veteran, with the short supply of housing accommodations for him, and with what will be interpreted as an additional $500 in his pocket, the way the law of supply and demand will operate, I think we shall see prices go up enough to absorb the $500. There is danger that the veteran will not gain a single dollar of benefit without a ceiling.

Mr. WHERRY. I think the Senator has a perfect right to his opinion.

Mr. TAFT. Mr. President, there may be a very legitimate dispute as to the effectiveness of premium payments in order to obtain production; but I cannot see any argument for the amendment proposed by the Senator from Nebraska. It is proposed to give any veteran who wishes to buy a house $500——

Mr. WHERRY. Mr. President, that figure has been used——

Mr. TAFT. Five percent of the cost, not to exceed $500.

Mr. WHERRY. That is correct; and he would receive $500 only in the case of the purchase or construction of a $10,000 house.

Mr. TAFT. Let me suggest what any veteran could do. He could build a $10,000 house and sell it the next day for $10,000, and make $500.

Mr. WHERRY. The amendment provides that he must live in the house and own it himself.

Mr. TAFT. He could sell it after a while. The Senator is not proposing to prevent him from selling it. He could not do so, and he should not.

Mr. WHERRY. Certainly not, after he has built it.

Mr. TAFT. In that connection——

Mr. WHERRY. Mr. President——

Mr. TAFT. Mr. President, I do not yield to the Senator. I listened to him with interest for more than an hour without interrupting. I shall be glad to yield at the conclusion of my remarks; but I do not wish to get into a running controversy.

Mr. WHERRY. The Senator should not misquote me.

Mr. TAFT. The whole problem of offering subsidized houses by paying $500 or $250 toward construction was considered by our committee, and we found that it was a wholly impracticable idea. In effect, it makes a present to the veteran to whom it is given. Sooner or later he could sell the house. A group of veterans could be organized to do the same thing, if it were desired to do so. In effect, we would be giving him a house at less than the normal market price of the house.

Furthermore, the great bulk of veterans do not wish to buy houses. During the next 5 years most veterans will live in rented houses if they can possibly obtain them.

The bill provides a very effective means for builders to construct houses under 90-percent mortgages from the FHA. The FHA is now making contracts with builders to give them priorities, if the builders will agree that they will hold a certain number of houses for 2 or 3 years and rent them instead of selling them. Veterans who rent such houses would be wholly excluded from the bonus. The veteran who wished to rent would not receive anything. The veteran who wished to buy a house would receive a maximum of $500. Many veterans perhaps neither need to buy nor rent, and they would not receive anything. If we are to make a payment of $500 to veterans because they are veterans, we had better give a bonus of $500 to all veterans. Then we can accomplish the purpose of helping the veterans.

I do not defend some of the publicity on this bill. So far as I am concerned, I voted in committee on the bill itself. The bill does not emphasize the veterans' feature. The title does not emphasize it. The first paragraph of the bill, even though we give certain priorities to veterans, does not emphasize the veterans' feature. The first sentence of the bill is as follows:

> The long-term housing shortage and the war have combined to create an unprecedented emergency shortage of housing, particularly for veterans of World War II and their families.

Mr. BROOKS. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. BROOKS. The Senator stated that the title of the bill does not refer to veterans. The distinguished majority leader [Mr. BARKLEY], in advocating the bill, stated that it was proposed to change the title, so that the act could be cited as the Veterans' Emergency Housing Act of 1946.

Mr. TAFT. I do not find that in the title.

Mr. BROOKS. The amendment of the title is found on page 42; and on page 19, line 21, we find the following:

> That this act may be cited as the "Veterans' Emergency Housing Act of 1946."

I think that should be stricken from the bill.

Mr. TAFT. I agree. I do not believe that that is a proper title for the bill.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. TAFT. The only way we can benefit the veterans is to provide more housing. Any bill which would provide more housing would benefit the veteran, primarily. Aside from the veterans, there is no very large group of people without housing. If a person who now occupies a

house moves out and builds another house, the chances are that the house which he vacates will then be available to a veteran. The shortage of housing relates to veterans, and the only way to meet that shortage is to produce more materials. There is no other way. Selling at a cheaper price may be an incident in the whole process; but the main purpose is to produce more materials.

I fully agree with much of what the Senator from Nebraska [Mr. WHERRY] has said. I fully agree that the shortage of materials today is largely due to the OPA. I fully agree that the problem cannot be solved without a substantial change in the present prices prescribed by OPA for building materials, and particularly for lumber.

Furthermore, I call attention to the fact that premium payments are only incidental, because it has been made clear that 70 percent of the building materials must be handled without premium payments. As to that 70 percent, price adjustment is the only remedy given to the Housing Expediter. That is recognized, and the Housing Expediter recognizes that that is the main tool which will have to be used to obtain building materials. I cannot make the statement with complete certainty, but I believe that he realizes that the lumber situation is one which cannot be handled by premium payments. It is probably the most difficult situation in the building material field. I do not see how premium payments could be applied in that industry. Lumber falls within the class of 70 percent of building materials which will have to be handled by price adjustments.

In my opinion, premium payments are not subsidies. So far as the continuation of food subsidies is concerned, I shall vote against it, because food subsidies are merely a provision for shifting the cost from the consumer to the taxpayer. Under this bill premium payments may be applied only on increased production. They may be used only in particular cases in which that kind of payment is calculated by the Expediter to increase production. That is the purpose. If unwisely used, they will not be effective. However, I feel that if wisely used, if used in the proper places, to break bottlenecks, they will provide an incentive for increased production, which a mere increase in prices would not do.

Furthermore, if they are effectively used, they can be used to prevent as high a price increase as might otherwise occur in some fields. We might have to allow a very high price increase temporarily to act as a stimulator of production. I believe that premium payments, applied to only a part of the production of an industry, and by uniform rules so that there will be no favoritism, may successfully increase production and break some serious bottlenecks in the production of materials.

I myself cannot see that the mere fact that something is called a subsidy makes it desirable. We may call it names, but that will not mean anything. For years we paid subsidies to the farmers. We paid subsidies to the merchant marine. We paid subsidies in many fields of operation. I never liked to do it. I certainly do not approve of a subsidy like the meat subsidy, under which we simply pay out $720,000,000 and thereby reduce the consumer's bills by that amount, but add that amount to the burden on the taxpayers. That is a general across-the-board subsidy which I think is wholly unjustified.

But when we consider subsidies for the purpose of securing production and which incidentally may do away with the rapid increase in the price of houses which is occurring today, and which under the proposal of the Senator from Nebraska and under my own will have to continue, because we shall have to increase the cost of many building materials, it seems to me that if we can check that process somewhat by the use of premium payments, that is worth doing.

However, that is not the primary object of the pending bill. The primary purpose is to obtain greater production. We shall not obtain one more stick of lumber or one more house by adopting the amendment offered by the Senator from Nebraska.

Mr. BARKLEY. Mr. President, I do not wish to delay a vote on the amendment, and I shall not do so, because all of us hope to have the bill passed today.

Let me say that the Senator from Nebraska seems to feel that in some way the bill would break down private enterprise. However, under the bill the Government of the United States will not go into the business of producing building materials. All the bill will do will be to offer to private enterprise an inducement to increase its output of such materials. That is all the bill will do. There is no trend toward socialism or any other "ism." The bill is simply an effort to stimulate production by offering premium payments for the part of production which represents an increase.

Mr. HAWKES. Mr. President, will the distinguished Senator from Kentucky yield to me for a moment?

Mr. BARKLEY. I yield.

Mr. HAWKES. When we delegate such vast authority and power to one man—giving him the power to say where the incentive payments shall be made, how they shall be made, and when they shall be made—and when we also delegate the authority to do all the many other things in connection with the houses after they are built, does not the Senator think that we shall have the Government running private enterprise and throttling it rather closely?

Mr. BARKLEY. No; I do not.

Mr. HAWKES. Mr. President, I must differ with the distinguished Senator from Kentucky, for whom I have a very high regard. I do not believe that we can go much further in respect to delegating authority to regulate and control, the way we have been doing, if we in the United States are to continue to have the American system.

Mr. BARKLEY. That could be the subject of a long argument between the Senator from New Jersey and me. But I think that we are now confronted with such a situation that we must provide some authority, unless we wish to permit it to get out of hand and run away. I do not think even the Senator from New Jersey favors that.

Mr. HAWKES. Mr. President, let me ask the Senator from Kentucky if he had any particular purpose in using the word "even" in his last sentence. It might be construed in a rather unfortunate way.

Mr. BARKLEY. No; I had not.

Mr. HAWKES. I thank the Senator very much.

Mr. BARKLEY. Mr. President, I have, as I am sure all Senators realize, the highest respect for the Senator from New Jersey. It may be that the word "even," as used by me, connoted that the Senator from New Jersey leans a little further against any Government regulation than I do.

Mr HAWKES. I thank the Senator.

Mr. BARKLEY. Mr. President, it may be that sooner or later we shall have to consider the question of a bonus for the ex-servicemen of World War II. We paid bonuses to veterans of the First World War. I voted for that bonus, and I have never apologized for doing so.

I hope that when we have all the facts before us and when we have an opportunity to consult with veterans and to understand their views about legislation for their benefit, we may work out a sound, well-considered piece of legislation for that purpose. But it certainly seems to me that this haphazard, jumped-up way, under the amendment now before the Senate, of paying a bonus to veterans is not the proper way to proceed.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. WHERRY. The Senator from Kentucky has referred to the "haphazard, jumped-up way" under the pending amendment. I should like to say that we have only now had an opportunity to offer the amendment. I know it is not perfect; but I remember that the Senator from Kentucky himself had to modify his own bill four or five times before he could get it before the Senate in the proper form.

It may be that the amendment is not perfect, but it is one way of doing what is right. If the amendment, as presented, is adopted and taken to conference, it will be possible for the conferees to write it in a better form than the one in which I have been able to submit it.

Mr. BARKLEY. Mr. President, the committee held hearings on the bill, but at the hearings no one came forward with such an amendment. An amendment of this sort was offered in the House of Representatives, but it was overwhelmingly defeated there.

Mr. WHERRY. Mr. President, will the Senator yield to me again?

Mr. BARKLEY. I yield this time.

Mr. WHERRY. I understood the Senator from Ohio to say that an amendment similar to the pending one was presented to the Banking and Currency Committee.

Mr. TAFT. I do not think I said so.

Mr. WHERRY. I understood the Senator from Ohio to say that.

Mr. TAFT. No; I do not think so.

Mr. BARKLEY. No, Mr. President; the Senator from Ohio did not make such a statement. If he had, he would have been mistaken.

Mr. WHERRY. Very well. I do not know; I am not a member of the committee.

Mr. BARKLEY. Mr. President, I wish to conclude rather quickly. This amendment would give a bonus to the veteran who could get a house, but it would give nothing to a veteran who could not get a house. A veteran who had to rent an apartment for himself and his wife and children would receive nothing; he would not be recognized as having any need.

When we pay a bonus to the soldiers—and I am quite satisfied that I shall be advocating paying them a bonus when we have had sufficient time to work out the matter, as I indicated a moment ago—I wish to treat all of them alike. I wish to put all of them on the same basis. I do not wish to pick out a few who are to be favored simply because they are in a position to buy a house, and to favor no others, no matter where they fought or whether they were wounded or what their condition may be.

Mr. TAFT. Mr. President, will the Senator yield to me?

Mr. BARKLEY. I yield.

Mr. TAFT. I may also point out that the veterans represent a cross-section of the people of the United States. Only about half of them are in a position to buy new houses at present prices, even with the proposed 5-percent deduction or subsidy. So we would be paying a subsidy to the top half of the veterans, but we would be excluding the bottom half of the veterans, because they are not in a position to buy a house and to pay the charges incident to living in it. Perhaps they could buy a house on credit, but they would be forced to sell it in a short time.

Mr. BARKLEY. Undoubtedly that is true. I also agree with the Senator from Ohio and the Senator from Oregon [Mr. MORSE] that whenever it became known that the 5 percent was to be allowed to veterans in connection with purchasing houses, the prices of the houses to the veterans would go up 5 percent. If a veteran contemplated buying a $10,000 house, the price would go up $500. The veteran might or might not know it, but the increase would be there. The situation would be very much like that in connection with the expense account of a traveling salesman who had been on a long business trip. When he returned from the trip he submitted his expense account. On examining the account, the company's auditor found that there was an item of $27.50 for a raincoat which the salesman had bought when he was on the trip. The auditor said to him, "Well, we cannot allow you for that raincoat. That is your own personal property."

The salesman replied, "Well, if I had not been traveling for the company, I would not have needed the raincoat and I would not have had to buy it. But I had to buy it, and I think it should go into my expense account."

But the auditor would not allow it, and he struck that item from the account.

At the end of the next month the salesman returned from another trip which he had been making for the company, and again he submitted his expense account. When the auditor looked over that one, he said to the salesman, "Well, I see that you don't have the raincoat in there now."

The salesman replied, "Yes, it is in there, but you can't see it."

So, Mr. President, that is what will happen in this case. An additional 5 percent will be included in the price of the house, but the veteran will not be able to see it.

Mr. President, I hope the amendment will be rejected.

Mr. CORDON. Mr. President, the distinguished Senator from Ohio [Mr. TAFT] in discussing the pending measure either yesterday or the day before said, as I recall, that in the testimony before the committee Mr. Wyatt made it clear that very little, if any, of the $600,000,000 to be made available for premium payments would be used to obtain an increased production of lumber. I believe that is the substance of his statement. I do not know what percentage of the houses to be built within the next year or two will be constructed of lumber, but my guess is that of the 4-, 5-, and 6-room homes which will be constructed during that period, and which are so desperately needed, perhaps 75 percent will be constructed of lumber. At the moment, the materials needed for the construction of walls, floors, and roofs, are the most essential. Hardware could come along 2 or 3 months from now and not be too tardy. That statement would be true also with respect to fixtures. So far as I know, the manufacturers of plumbing, hardware, nails, and so forth, need to do little or no reconversion in order to get into high gear in the manufacture of that type of material. The Reconversion Act was passed for the purpose of speeding the process of reconversion. Certainly, if a reasonable price is allowed to manufacturers, they will go into full production. I do not believe that any manufacturer is deliberately withholding production.

I am not as familiar, Mr. President, with the situation with respect to the field of hardware, plumbing fixtures, and similar articles, as I am with the situation in connection with the field of lumber. Because I come from the greatest lumber-producing State in the United States, I know something about lumber conditions. I apprehend that the conditions which face the lumber operators are very much the same as those which face other industries whose products are necessary in connection with the construction of housing.

Mr. President, I do not wish unduly to delay the vote which is about to be taken. On the other hand, the people of this country have been complaining about the lack of production. They have laid the blame here and have laid it there. I believe that perhaps a clarification of the situation will not be out of order this afternoon, even if it consumes a little extra time of the Senate. Therefore, I shall read a letter from one of the large lumber operators in the Pacific Northwest. He is one of that high type of businessmen who patriotically went through the war and, in numerous instances, produced articles in their mills at a loss, but will not go forward on that basis any longer. Because his letter clearly pictures the situation which faces us today, I ask my colleagues to indulge me while I read it to them, and reveal some of the real basic reasons for the absence of 100 percent production at the present time.

The letter was addressed to one of the customers of this lumber operator. He had called upon the operator to fill certain orders for housing materials. The letter otherwise is self-explanatory. It reads as follows:

DEAR WALES: Your concern as to our increasing inability to supply you and your trade with all the items of lumber and lumber products you formerly depended upon us for is well founded. Unless OPA either is thrown out or very quickly brings about a complete reversal of their destructive policies, the list of items that we are making is going to decline still further.

Mr. President, I interpolate that if the writer had stopped with the words "destructive policies," I would not now be reading the letter. I continue reading:

As you saw for yourself, we have a lot of idle equipment at our plant.

Again, Mr. President, I interrupt the reading of the letter to say that it was written on April 4, 1946, at a time when there existed the necessity for full production.

I continue reading:

As you saw for yourself, we have a lot of idle equipment at our plant. We have always refined a larger portion of our sawmill production than most western pine mills. We have provided more labor per unit of sawmill production as a result. The equipment that is now idle represents over 100 jobs. If these jobs were marginal we could have no complaint. The thing that irritates us most is that the jobs we are not filling are being filled in other parts of the country at a higher cost to the consumer and, what is even more important, by the waste of scarce and urgently needed lumber. OPA policies are directly responsible for this.

Among the items we can no longer make are the following:

Building lath, car strips, shade roller stock, cut stock, moldings, industrial boxes of all kinds, as well as a number of operations such as lumber resawing, Linderman, jointing for boxes, box nailers, box stitchers, etc.

We are no longer functioning to care for the needs of the trade—we are merely shadow-boxing and forced to change our scheme of operation from time to time to meet changes in OPA needs. For a firm who has really served the trade this is an unfortunate change for the national economy, which needs production so urgently now.

Among the items discontinued that you are probably most interested in are moldings for the building trade. Unfortunately for both you and ourselves, the OPA seems even less interested in molding production than in most items.

For about 15 years we produced a wide variety of moldings, most of which were for the building trade. We kept this department operating despite constant needless operating and sales handicaps imposed by the OPA. A recitation of all of them would make a lot of red faces in Washington.

Finally, during November 1945, we were forced to suspend operation to cut off the loss. On November 16, 1945, the OPA pub-

lished MPR No. 601, which resulted in lower molding prices for us than we had had in the so-called base period of October 1941–March 1942. This list was published the same week that we had an increase in wage rates of 12½ cents per hour. This department was already operating "in the red" before the simultaneous cut in prices and increase in wages.

In the fall of 1941, our average wage rate for our entire operation was 90 cents—now it is 126 cents, an increase of 36 cents or 40 percent. We were making no such profit on moldings in 1941 that we could absorb such a wage rate increase with resulting wartime decreased production per man-hour, and then take a cut in selling prices at the same time.

If you were to discuss this with OPA officials, they probably would tell you that the changes were made only after long discussions with the industry. They probably will not tell you that every change they made in the molding prices shut off some more production and was made over the opposition of the industry.

During the first 9 months of 1945, monthly sales of moldings by Western Pine Association members were 60 percent below the same 1941 months. Since then, our production has been stopped and I don't know how many others.

Our molding production for many years was about eighteen to twenty million lineal feet, mostly building moldings. This would provide needed moldings for several thousand GI homes that are being talked about so much these days.

Our moldings were made entirely from lumber and edgings of our own production. The lumber grade most largely used is "molding" grade. The edgings, which represent probably one-third of our raw material, actually are salvaged from waste. A goodly portion of this waste is now being burned. This is a fine tribute to OPA business management. The moldings that we are not now making are being made from higher grades of lumber.

We are piling up our molding grade lumber and salvaging the larger edging for use after the OPA may be out of business or may have changed their pricing approach. That won't help build GI homes in the spring of 1946.

Your suggestion that some pictures be taken to illustrate some of these things more effectively than repeated letters is certainly timely. I am happy to hand you herewith a few sets of these pictures.

Mr. President, any of my colleagues who desire to see the pictures I shall be happy to have do so.

Picture No. 1 is view of the interior of one of our sheds that is about half filled with molding lumber and edgings. This shed is about 175 feet long. It now has over a half million board feet of lumber and edgings. The edgings are ripped to size, all ready to be run to pattern.

No. 2 is a close-up of several loads of edgings.

No. 3 shows our three idle—

I call attention to the word "idle"—

No. 3 shows our three idle molding machines. About 16 American citizens formerly were employed here at wages well over the national average.

No. 4 shows smaller edgings being fed into a hog where they are being ground up to make fuel, the need of which is not very great and certainly much less than the small moldings that could be produced, such as screen moldings, glass bead moldings, etc.

At the time the OPA was about to publish the molding price list last November, I was in Washington. I discussed this matter with OPA representatives both before and after publication of the list. Among the OPA personnel who listened more or less patiently were Messrs. Ingram, Young, and Grossman.

Mr. President, I hope Mr. Wyatt will read this letter in the RECORD when he gets ready to put out his directives, orders, and regulations, because OPA is certainly going to need them.

Since then, I have written Mr. Ingram twice on the matter and Mr. Young once. I have not even had an acknowledgment of those letters, despite having asked for information as to how we should go about making application for price adjustments in line with President Truman's public statement that any manufacturer who had had wage advances of 33 percent since January 1941, could apply for an increase.

Mr. President, that means, if I may again interpolate, that this man was trying to get a basis upon which he could manufacture those products. Up to now he has not had the courtesy of an answer to his request as to how he might proceed.

In going to OPA for price adjustments—and we have done it many times—their reply invariably is either (a) submit your cost and profit-and-loss statements for many years to demonstrate whether your over-all profit position justifies an increase, or (b) make an industry-wide survey on the same statements.

OPA policy for integrated operations such as ours provides that, if we make a profit on the manufacture and sale of our lumber, we should not be allowed to make a profit on any refining of it. Why should we be forced to operate our molding department, for example, at cost or at a loss? The profit incentive is one of the very fundamentals of the American way of life. We feel no more obligation to run this department without a profit than a bureaucrat does to work without salary. By the same token, we feel no more obligation to run it at a loss than any bureaucrat does to pay for the privilege of working.

In the past we have participated in some industry-wide surveys. We shall not do it again. Such a survey takes the more profitable figures of the producer who has blackmarketed, cheated, chiseled, and taken every advantage of any loophole that has presented itself and averages them with the less profitable figures of the manufacturer who has conscientiously complied with the conflicting socialistic pricing regulations. The resulting "average" is fair neither to producers nor the public.

A comparison of our past and present molding prices follows. The item used as an example is pattern No. 8065, ¾ by ¾ inch, quarter-round molding, an item needed literally by the hundreds of million lineal feet. The prices are per 100 lineal feet delivered on the Atlantic coast.

Mr. President, these figures are eloquent:

Our price in August 1941, straight or mixed cars, 74 cents.

Our price in March 1942, 70 cents.

OPA MPR 601 price in straight cars, 67 cents * * * in mixed cars with lumber, 71 cents.

Can there be any question, Mr. President as to why we are not getting production, in view of those facts—in view of the fact that the timber itself has risen in price—increased because the Government of the United States increased the price of publicly owned stumpage? That price went up, wages have risen, other costs have risen, but the price of the finished product has gone down. Would it not be a beautiful picture now to ask Mr. Wyatt to dig down into the pockets of the taxpayers of this country and make a premium payment to bring that price into line? Where has reason gone if we are to follow that sort of practice?

Mr. President, the letter continues:

After closing our molding department, we contacted many of our eastern trade to ascertain if they could now buy moldings elsewhere, and, if so, what prices they were paying. With few exceptions, they replied that they were obtaining some poorly manufactured, locally produced moldings and were paying $1.50. One stated he was making them himself at a cost of over $2. Others stated they could find none at any price.

We would be happy to resume molding manufacture on present lumber and wage values with a price on the above item of 95 cents, with other items in proportion. That would be a substantial "bulge" in the price line but it would represent a very worth while saving to the GI who wants to build a home. Further, it would produce a lot more moldings than will ever be produced at $1.50 in the East.

I have often thought that if we could persuade some responsible policy-making official of the OPA to visit our plant, see this idle equipment, inspect the offal being burned instead of converted into needed GI homes and other items, and let us show him just why it is idle, we could convince him that a change was needed and quickly. If you should run into any such official who is interested let me know who he is. I want to extend him an invitation to visit us.

There, Mr. President, is clearly set out the real outstanding bottleneck in the production of materials needed in housing, and, as I suggested earlier, when the pending bill passes giving authority to the Housing Expediter to issue his orders, regulations, or directives to the Office of Economic Stabilization and the Office of Price Administration, that bottleneck can be broken immediately.

It will result in some price increases, it is true. Those price increases as to the veteran will be offset by the subsidy we will pay him if the Wherry amendment shall be adopted—and I hope it will be agreed to; at least I shall support it. It will leave the veteran in the same condition, so far as the purchase of his home is concerned, as he would be in under the statement of the majority leader if the $600,000,000 were spread all across the board in premium payments, a type of premium payment that has not yet been explained on this floor, at least to my satisfaction. Everyone who has talked about premium payments up to now has had a different idea of how they are going to work.

Mr. MAGNUSON. Mr. President, will the Senator from Oregon yield?

Mr. CORDON. I am glad to yield.

Mr. MAGNUSON. I wonder if the Senator would mind telling, if it is not confidential, what company he is speaking of?

Mr. CORDON. I shall be glad to furnish the name of the company to the Senator from Washington. I do not care to put it in the RECORD, because I do not have permission from the writer of the letter to do so, but I shall be glad to furnish it to the Senator from Washington.

Mr. MAGNUSON. The letter is to a third party, I understand?

Mr. CORDON. Yes, written to a customer in South Carolina.

Mr. MAGNUSON. I wish to say to the Senator from Oregon that I appreciate what he has said. The same situation occurs in respect to fir doors, plywood, and many allied building materials, but I think it is only fair to point out that recently—and I share the feeling the Senator has regarding the lumber situation—recently we have had not complete, but some success, as the Senator, who participated in these conferences well knows, in getting a reasonable price for building materials.

As the Senator has pointed out, unless we can provide some profit incentive to our western pine and Douglas fir mills to divert from profitable war manufacture and production of lumber into so-called building materials, we are never going to get the production of western lumber that is so widely needed.

I hope, if the bill passes, that Mr. Wyatt, or whoever the Expediter might be, will see to it that the OPA acts upon these matters. I find after we go to OPA and finally get a decision from OPA that in most cases it is fairly satisfactory, but the delay, in so far as western lumber is concerned, has been unconscionable, particularly in the case of housing materials which we now see are so desperately needed. Molding is one of the items.

The western producer of lumber is willing to go ahead, but because he diverted his plant to making boxes and other things needed for the war, it is not profitable for him to go back to making building materials. Until that is done the bottleneck will never be broken with respect to the lumber end of building materials.

There has been an unconscionable delay in OPA. Last week we secured a raise across the board with respect to western pine—not all that was wanted—and with respect to fir doors and plywood in process. An order is being issued to take care of that situation. But I hope that, as soon as this bill is passed, OPA will dig into the lumber situation because, as the Senator pointed out, houses cannot yet be built without lumber.

Mr. President, before I take my seat I want to make a correction. The Senator from Oregon said he comes from the greatest lumber State in the world. I am sure he means "one of the greatest lumber-producing States of the world."

Mr. CORDON. I do want to divide the honors with my colleague from Washington, although I am afraid that in order to do so I must be generous.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. CORDON. I yield.

Mr. WILEY. I think the illustration used by the senior Senator from Oregon with relation to molding is very pertinent. He said, in substance, that the 1941 price for molding was 74 cents. He said that OPA had apparently approved a price in the East of $1.50 or $2 and would not grant a price up to 95 cents to the people in the West for making this molding.

Mr. CORDON. May I say that that is not the price granted to them in the West, but is a price at which they would transport it and deliver it on the Atlantic seacoast.

Mr. WILEY. I am glad to have that clarification. We have been talking about molding. It seems to me there is something moldy down in OPA. The picture that has been given us by the Senator from Oregon is typical of what has occurred in the so-called production field clear across the board. In my own State there are those who have asked for increases to produce certain materials, and have demonstrated that they could not produce them at the price they were receiving. But OPA said, "But you are making money in other fields," and OPA would not grant the increase requested. As a result, the manufacturer, whom we will call A, he has gone out of production. Then right down the street or in the next city OPA has granted an increase correspondingly as great as in some of the cases recited, an increase of 100 percent to someone else, the one to whom the increase was granted being a bungler or new in the field. From that the inference has gone out that perhaps there were those in Government who wanted to see producers go out of business. It seems to me that if in any way we can get instructions or directives across to the Expediter, Mr. Wyatt, so that he will understand that there is no limitation in his power to see that production goes into full swing and we actually get into operation, then we will have the answer.

I have spoken many times on the subject of production. Months and months ago I spoke over a national hook-up on the subject Production, Production, Production. We have not been getting production. The reason we have not been getting production is that the square pegs in the round holes in OPA are still square pegs. I do not call individual names, but the situation was made clearly apparent by the distinguished Senator from Oregon when he mentioned three names. A manufacturer comes here and submits a proposition. He says he has sold a bill of goods clearly and definitely showing a loss. The country is calling for the article he produces. Yet he cannot get his letters addressed to OPA answered. Certainly there is something rotten in Denmark when the servant in OPA will not give a courteous answer to his master, our constituent.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. CORDON. I yield.

Mr. TAFT. There is one feature of the bill which I think should be emphasized. Up to this time price control has been under the rules of the Stabilization Act, and under that act, and going beyond, I think, the real purpose of the act, the Price Administrator has in effect said that the price level is the first consideration over every other consideration, including production and even the existence of business, and many other things. Now for the first time in this measure we take away from him the power to direct price control and give it to the Administrator, with the injunction that it is for the purpose of increasing production. It seems to me that that transfer should have a very effective and salutary result if Mr. Wyatt will exercise the powers that are given to him. But I think Congress here for the first time is indicating that production is more important in that field than price control.

Mr. CORDON. Mr. President, I thank the distinguished Senator from Ohio, and I hope that he joins me in the deep regret that a time has come in the history of government in the United States when we must depend for the success of a law upon the judgment and whim or caprice of any single individual.

Mr. TAFT. Mr. President, will the Senator yield again?

Mr. CORDON. I yield.

Mr. TAFT. I am afraid Congress has long ago given away that power. In foreign policy we have vested the power to make war in one man. It rests in him and his caprice to make war or not to make war. There are many circumstances in which we have gone much further than we have in this bill.

Mr. CORDON. Permit me to say to the distinguished Senator from Ohio that those things were done under the Constitution, and that now the Congress seems to be bent on doing it by statute, and I am opposed to that.

Mr. TAFT. Mr. President, will the Senator again yield?

Mr. CORDON. I yield.

Mr. TAFT. I think the Senator voted for the bill which transferred to the President, in the UNO Act, complete authority to make war or not make war in complete violation, I believe, of the Constitution of the United States.

Mr. CORDON. Again I will have to differ with the distinguished Senator as to whether that was or was not in violation of the Constitution of the United States.

I want to say, Mr. President, that I may have to hold my nose and vote for this bill. I do not want to do it, but I do not see any other way at the moment to get some of these things done except to vote for the bill. But I insist, and shall insist insofar as I can, on maintaining all the controls we can maintain, and particularly do I want to place in the measure a provision for the shortest possible period of time for its operation and the earliest possible time for its termination.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. CORDON. I yield.

Mr. MAGNUSON. I think the Senator, like myself, being interested in the lumber situation, will vote for this bill. I hope the Senator will agree with me that it is not so much what the OPA does about these matters, once they consider them and make a decision, but there have been great delays. We are giving the title "Expediter" to the Administrator in this bill. If we can expedite these things the lumber industry will get along all right. I hope the Senator will vote for the bill. I am sure if he does he will probably find that if we get the right kind of administrator our moldings and fir doors and all the things that go into houses will be speedily taken care of.

Mr. CORDON. I wish I could be as optimistic as is my distinguished col-

league from Washington. I had the pleasure of working with him recently for several days in an attempt to get some type of price adjustments into the heads of OPA, and as the Senator has suggested, we partially succeeded. We can be hopeful at least when we see OPA commencing to show some signs of intelligence, even if we have to wait until the last few days of its life, when OPA is breathing its last, and wants to get another lease on life.

Mr. HAWKES. Mr. President, will the Senator yield?

Mr. CORDON. I yield to the Senator from New Jersey.

Mr. HAWKES. I wish to ask the Senator from Washington [Mr. MAGNUSON] if he really meant what he just said, that it does not make so much difference what OPA does, so long as we can get it to do something. I think it makes a tremendous difference.

Mr. MAGNUSON. Mr. President, the Senator misunderstood me. I stated that my experience in connection with lumber has been that when the OPA ultimately arrives at a decision, most of the time the decision is pretty fair. It is not always exactly what the industry wants, but it moves along, and the price ceilings are in many cases raised. The problem which both the Senators from Oregon and I, and others in lumber-producing States, have had is to get the OPA to act. I hope the Senator will not misunderstand me.

Mr. HAWKES. I think the Senator will find from the RECORD that he stated that it did not make much difference what the OPA did, if it could be induced to act. That is the point which I wish to correct. There are two factors. First, there is the desire or the necessity for getting the OPA to act; and second, there is the necessity for OPA acting intelligently, with some knowledge of what brings about production.

Mr. MAGNUSON. The Senator has expressed my opinions; and I am sure the RECORD will be corrected.

Mr. CORDON. Mr. President, I should like to make one or two further observations, and then I shall conclude.

I recognize that the amendment now before us needs some working over. I recognize that due to the shortness of time it is not a perfect document. I also recall that on numerous occasions under similar circumstances the argument has been heard on the floor to the effect that imperfections can be cured in conference, when there is more time. I suggest that that can be done in this case.

I recognize the force of the argument of my distinguished colleague from Oregon [Mr. MORSE] that as to existing houses any subsidy given to a veteran may well be considered simply additional money in his pocket, from the standpoint of the real-estate seller to be taken advantage of by an equal increase in price, particularly now that there is no basis for a ceiling on existing houses. However, that situation does not apply as to houses to be built, because under the terms of the bill as it is now written a ceiling can be placed on such houses. If the amendment is adopted, I think the conference committee should give some consideration to broadening it to include widows of veterans.

Mr. President, I wish to close with this statement, because to me it is the very meat of the whole argument; if this bill is enacted we shall have clothed the Housing Expediter with authority over presently existing executive bureaus, so that he can compel action in every one of those bureaus, directed toward the one object of breaking the log jam and causing a flood of building materials. That authority will be granted to him no matter what we do with the pending amendment. I hope the amendment will be adopted, I agree with the distinguished majority leader that one of these days we shall probably be called upon again to consider, as the Congress considered after the last war, the matter of a veterans' bonus. At that time I am perfectly willing to support legislation which will provide, in such bonus law, for an offset or deduction in every instance of the amount paid to any veteran because of this legislation, so that in the end all will be treated alike. By such procedure the man who must have his house today would, in effect, simply obtain an advance on account of a settlement yet to be made. I am perfectly willing to serve notice now that I believe that such a settlement should be made. I do not believe that the debt is yet paid to the men and women who saved civilization in this world.

Mr. BARKLEY. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hawkes	Pepper
Austin	Hayden	Radcliffe
Ball	Hickenlooper	Reed
Bankhead	Hoey	Revercomb
Barkley	Johnson, Colo.	Robertson
Briggs	Johnston, S. C.	Saltonstall
Brooks	Knowland	Shipstead
Buck	La Follette	Smith
Bushfield	Langer	Stanfill
Capehart	McCarran	Stewart
Capper	McClellan	Taft
Carville	McFarland	Taylor
Connally	McKellar	Thomas, Okla.
Cordon	McMahon	Thomas, Utah
Donnell	Magnuson	Tunnell
Downey	Maybank	Vandenberg
Ellender	Mead	Wagner
Fulbright	Millikin	Walsh
Gerry	Mitchell	Wheeler
Gossett	Morse	Wherry
Green	Murdock	Wiley
Guffey	Murray	Wilson
Gurney	O'Daniel	Young
Hart	O'Mahoney	
Hatch	Overton	

The PRESIDING OFFICER. Seventy-three Senators having answered to their names, a quorum is present.

Mr. BROOKS. Mr. President, I should like to observe that the title of the pending bill is a complete misnomer. As the bill came from the House of Representatives, its title was in the correct form. The title then was "To amend the National Housing Act," and so forth. That is still all the bill is. The only benefit a veteran, as compared to anyone else, will receive from this measure is a preference to buy a house, if he is able to find out where the houses are and if he ever is able to determine what his rights are. The only other benefit the veteran will receive will be the doubtful one of having his name attached to this bill. It is now to be called the "Veterans' Emergency Housing Act of 1946."

The amendment which has been proposed by the junior Senator from Nebraska [Mr. WHERRY], and in which I join, merely attempts to give to the veteran some benefit under his own name, under an act which the Senate pretends is a Veterans' Emergency Housing Act. When it said that we are subsidizing the upper half of the group of veterans, because the others cannot afford to buy houses, I ask what we are doing in this bill when we provide $600,000,000 for so-called incentive payments. They will not increase the ability of our people to buy houses. We are simply subsidizing them in another way.

What this measure really does is, not to continue the OPA, but to bring into existence and power a super OPA. The bill continues the War Powers Act, and it is merely another tentacle of the octopus that is strangling this country.

I agree with the Senator from Nebraska that we have not yet tried in the American way to obtain normal production. All the way through the OPA has said, "Hold the line," and they fixed prices on the ordinary articles used by Americans. But the manufacturers got around that by putting frills on the ordinary articles, and then they were able to sell them at higher prices. Today it is impossible to buy an ordinary shirt, but it is easy enough to buy all kinds of sport shirts at high prices. The OPA has said, "We have held the line." But today the women of the United States find that it is impossible to buy ordinary house dresses in the stores, although they are able to buy all sorts of elaborate dresses at higher prices. The OPA said that it held the line all the way, but it has prevented the production of the things the people of the United States need.

When the OPA was given all those powers, we were told that it was for the duration of the war. But, Mr. President, the war will never end so long as the bureaucrats can keep it alive. Every Senator in this Chamber knows that we cannot get a bureau of this Government out of existence to save our souls. Now they are coming in droves. During the war we were told that they were needed because of the war. Now we are told that they are needed for the veterans. Every department is asking for more and more employees because, so we are told, the veterans need their help.

Mr. President, if the veterans were able to hear the bureaucrats who are asking for more employees and more money, they would raise literal Cain when they went into the offices around the country and were shunted from pillar to post. If the veterans could hear the leeches who come before congressional committees and ask to be allowed to perpetuate themselves with the power they now have, the veterans would start a new march of victory.

Mr. President, I tell you that this type of legislation is a fraud on the veterans. It puts all Members of Congress in a very peculiar position, because all of us hate to vote against a bill which is proclaimed as one to provide houses for veterans.

Of course, all of us want to help provide more houses.

I desire to explain my position on this measure. I wish to give the incentives to the veterans and I wish to take steps to have the American producers given an opportunity to produce. If we do that, we shall be fair to both, we shall in some measure be paying the debt we owe the veterans who wish to have houses, and we shall make more houses available to everyone throughout the land.

If the Senate votes to reject the amendment which would give the so-called subsidy directly to the veterans, the Senate had better change the name of the bill, for it will no longer be a "Veterans' Housing Act."

Mr. CAPEHART. Mr. President, I rise to make a brief statement which is not particularly on the subject now being considered, but is in line with what the able Senator from Illinois has just stated.

Today there is in Washington a radio manufacturer from Indiana, with whom I have absolutely no connection. During the past 4 months that manufacturer has made six trips to Washington in an endeavor to obtain from the OPA a price of $7.04 on a radio set which he will manufacture. That would be his price to the distributor. The radio set would sell at retail for $12.75. The manufacturer's cost is $6.50. The best price the OPA will allow the manufacturer is $6. He has been before the OPA all day today wrestling with it. A moment ago I received a telephone call that the OPA has declined to permit the price of $7.04 to the manufacturer—a manufacturer who has orders for 170,000 sets to be sold to the public, the poor people, at $12.75; a manufacturer who will put to work, tomorrow, 400 or 500 people, if the OPA will permit him to sell that radio set to his distributors for $7.04. Think of that, Mr. President. The manufacturer is asking the OPA to permit him to set a price of $7.04 to the distributors, on radio sets which will be sold to the public for $12.75. Yet the OPA denies that right to the manufacturer, although he is asking for a profit of only 54 cents on each set. Yet there are those who say that the OPA is not interfering with production in America. I say to you, Mr. President, that the OPA is interfering with production in America. Furthermore, I say that the OPA is violating the law when it denies any manufacturer or anyone else who is in business a legitimate profit.

I apologize to the Members of this body for getting off the subject, because what I have said certainly is not particularly germane to the matter now under consideration. But I just received the message that the bureaucrats have denied the manufacturer the right to make a 54-cent profit on a radio set which would be sold to the public for $12.75.

Mr. BARKLEY. Mr. President, may we have a vote on the pending amendment? The yeas and nays have been ordered. I ask all Senators to remain in the Chamber after the vote is taken on the amendment, in order that we may conclude action on the bill.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Nebraska [Mr. WHERRY], as modified, proposing a substitute for section 11 of the committee amendment, as amended, which then would read as follows:

SEC. 11. The Administrator of Veterans' Affairs is authorized and directed to pay, under such regulations as he may prescribe, to or on behalf of any veteran of World War II a sum equal to 5 percent of the cost of a dwelling hereafter or heretofore and since December 7, 1941, purchased or constructed by such veteran and to be occupied by him or his family as a home. No payment in excess of $500 shall be made to or on behalf of any such veteran and no payment shall be made to or on behalf of any such veteran with respect to more than one dwelling. Regulations prescribed under this section shall contain such provisions as the Administrator deems necessary to insure the use of payments made under this section for the purpose for which such payments are made.

On this amendment the yeas and nays have been demanded, but they have not been ordered.

Mr. BARKLEY. I think they have been ordered, Mr. President.

Mr. WHERRY. I believe that the yeas and nays have been ordered.

The PRESIDENT pro tempore. The yeas and nays were demanded, but the Chair is advised that they were not ordered.

Is there a sufficient second?

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. BANKHEAD (when his name was called). I have a general pair with the senior Senator from Nebraska [Mr. BUTLER]. Not knowing how he would vote, I transfer that pair to the Senator from Ohio [Mr. HUFFMAN], who, if present and voting, would vote as I intend to vote. I am, therefore, at liberty to vote. I vote "nay."

Mr. WALSH (when Mr. MYERS' name was called). I announce that the Senator from Pennsylvania [Mr. MYERS] is attending a meeting of the Board of Visitors at the Naval Academy in Annapolis. If present and voting, he would vote "nay."

Mr. THOMAS of Utah (when his name was called). I have a general pair with the Senator from New Hampshire [Mr. BRIDGES]. Not knowing how he would vote, I transfer that pair to the Senator from Pennsylvania [Mr. MYERS] who, if present and voting, would vote as I intend to vote. I am, therefore, at liberty to vote. I vote "nay."

The roll call was concluded.

Mr. BARKLEY. I announce that the Senator from North Carolina [Mr. BAILEY] and the Senator from Virginia [Mr. GLASS] are absent because of illness.

The Senator from Alabama [Mr. HILL], and the Senator from Ohio [Mr. HUFFMAN] are absent because of deaths in their families.

The Senator from Georgia [Mr. GEORGE] is absent by leave of the Senate.

The Senator from Florida [Mr. ANDREWS] and the Senator from Maryland [Mr. TYDINGS] are necessarily absent.

The Senator from Mississippi [Mr. EASTLAND], the Senator from Illinois [Mr. LUCAS], and the Senator from Georgia [Mr. RUSSELL] are detained on public business.

The Senator from New Mexico [Mr. CHAVEZ] is absent on official business.

The Senator from Mississippi [Mr. BILBO], the Senator from West Virginia [Mr. KILGORE], and the Senator from Virginia [Mr. BYRD] are detained on official business at various Government departments.

I wish to announce further that, if present and voting, the Senator from Florida [Mr. ANDREWS] and the Senator from West Virginia [Mr. KILGORE] would vote "nay."

Mr. WHERRY. The Senator from Nebraska [Mr. BUTLER], the Senator from Oklahoma [Mr. MOORE], and the Senator from Indiana [Mr. WILLIS] are absent by leave of the Senate.

The Senator from New Hampshire [Mr. TOBEY] is absent on official business.

The Senator from Michigan, [Mr. FERGUSON] and the Senator from Maine [Mr. BREWSTER] are necessarily absent.

The Senator from New Hampshire [Mr. BRIDGES] and the Senator from Nebraska [Mr. BUTLER] have general pairs which have been heretofore announced and transferred.

The result was announced—yeas 19, nays 54, as follows:

YEAS—19

Brooks	Hickenlooper	Stanfill
Bushfield	Langer	Wherry
Capehart	O'Daniel	Wiley
Capper	Reed	Wilson
Cordon	Revercomb	Young
Gurney	Robertson	
Hawkes	Shipstead	

NAYS—54

Aiken	Hatch	Murdock
Austin	Hayden	Murray
Ball	Hoey	O'Mahoney
Bankhead	Johnson, Colo.	Overton
Barkley	Johnston, S. C.	Pepper
Briggs	Knowland	Radcliffe
Buck	La Follette	Saltonstall
Carville	McCarran	Smith
Connally	McClellan	Stewart
Donnell	McFarland	Taft
Downey	McKellar	Taylor
Ellender	McMahon	Thomas, Okla.
Fulbright	Magnuson	Thomas, Utah
Gerry	Maybank	Tunnell
Gossett	Mead	Vandenberg
Green	Millikin	Wagner
Guffey	Mitchell	Walsh
Hart	Morse	Wheeler

NOT VOTING—23

Andrews	Eastland	Moore
Bailey	Ferguson	Myers
Bilbo	George	Russell
Brewster	Glass	Tobey
Bridges	Hill	Tydings
Butler	Huffman	White
Byrd	Kilgore	Willis
Chavez	Lucas	

So Mr. WHERRY's amendment was rejected.

ALBERT CANTALUPO

Mr. ELLENDER submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1089) for the relief of Albert Cantalupo, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate and agree to the same with an amendment as follows:

Amendment No. 3: In lieu of the sum inserted by the Senate amendment insert $1,708; and the Senate agree to the same.

ALLEN J. ELLENDER,
WAYNE MORSE,
Managers on the Part of the Senate.

DAN R. MCGEHEE,
J. EDGAR CHENOWETH,
Managers on the Part of the House.

The report was agreed to.

JAMES LYNCH

Mr. ELLENDER submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 2835) for the relief of James Lynch, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agreed to recommend and do recommend to follows: In lieu of the sum inserted by the Senate amendment insert the sum of $4,514.60; and the Senate agree to the same.

ALLEN J. ELLENDER,
W. LEE O'DANIEL,
Managers on the Part of the Senate.

DAN R. MCGEHEE,
J. M. COMBS,
W. A. PITTENGER,
Managers on the Part of the House.

The report was agreed to.

PERMANENT APPOINTMENTS IN THE REGULAR NAVY AND MARINE CORPS—CONFERENCE REPORT

Mr. WALSH submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1907) to authorize permanent appointments in the Regular Navy and Marine Corps, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with amendments as follows:

On page 2 of the House engrossed amendments, lines 3, 6, 8, 14, and 17, strike out "permanent"; and on page 2 of the House engrossed amendments, line 17, strike out "8 per centum" and insert in lieu thereof "7 per centum"; and the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill and agree to the same with an amendment as follows:

Amend the title to read as follows: "An Act to increase the authorized enlisted strength of the active list of the Regular Navy and Marine Corps, to increase the authorized number of commissioned officers of the active list of the line of the Regular Navy, and to authorize permanent appointments in the Regular Navy and Marine Corps, and for other purposes"; and the House agree to the same.

DAVID I. WALSH,
MILLARD E. TYDINGS,
PETER G. GERRY,
CHAS. W. TOBEY,
LEVERETT SALTONSTALL,
Managers on the Part of the Senate.

CARL VINSON,
P. H. DREWRY,
LYNDON B. JOHNSON,
ED. V. IZAC,
GEORGE J. BATES,
Managers on the Part of the House.

The report was agreed to.

AGREEMENT BETWEEN THE UNITED STATES AND GREAT BRITAIN RELATING TO AIR TRANSPORTATION

Mr. MCCARRAN. Mr. President, about 6 weeks ago I discussed at some length, in this Chamber, the bilateral agreement between the United States and the United Kingdom which had then just been negotiated at Bermuda. To identify this agreement for the benefit of Senators who may not have been present when I discussed it late in February, I may say that the Bermuda agreement covers certain rights to fly into and across the United States, which the agreement purports to grant to air lines of the United Kingdom, and certain similar rights which, by the terms of the agreement, would be granted to United States air lines with respect to flights into and across the United Kingdom. The agreement also comprehended approval by the Civil Aeronautics Board of the International Air Transport Association Conference procedure for fixing rates for international air transportation, and the Civil Aeronautics Board has, pursuant to the Bermuda agreement, approved this ratemaking procedure.

For several weeks the Senate Committee on Commerce has been holding hearings on Senate bill 1814, which was introduced by me, and which would require that international agreements of this type be made, if at all, by treaty.

Those hearings were concluded this morning. I had the honor of being permitted to conclude the hearings with a statement summarizing the issues raised during the hearings, and commenting upon the questions presented. In this statement I also endeavored to lay before the committee a carefully considered opinion on the legal points involved.

Because the subject involved is of tremendous importance to the Nation, and, I think, of considerably more than passing interest to the Senate, I now ask unanimous consent that the statement to which I refer, and which I made before the Commerce Committee, be inserted in the RECORD at this point as a part of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Mr. Chairman, in concluding this hearing on my bill, S. 1814, I shall try to tie up a number of loose ends. I shall discuss certain testimony which has been received during these hearings. I shall discuss the Bermuda agreement from several angles. And I shall discuss the bill itself. I shall also have a few words to say, before I am through, on the question of what is a treaty and the distinction between a treaty and an executive agreement.

I wish to make it clear that I do not propose to discuss all the testimony which has been heard, nor all the phases of the Bermuda agreement. I do not even propose to say all that might be said about the bill or about the question of treaty versus executive agreement. Senators who have not been present at the hearings will, I am sure, wish to read the record for themselves, and the record includes not only the full text of the Bermuda agreement, and the full text of the majority and minority reports of the Civil Aeronautics Board in connection with approval of the Iata conference procedure, but also lengthy discussions of the difference between a treaty and an executive agreement.

Also worthy of study by members of the committee are the statements on behalf of the International Association of Machinists, the Brotherhood of Locomotive Engineers, and the Brotherhood of Railroad Trainmen, and the statements of several other nongovernmental witnesses.

I wish to call the attention of all members of the committee particularly to the very fine statement made on behalf of the American Federation of Labor by Mr. Lewis G. Hines, national legislative representative of the Federation, who appeared before the committee on Tuesday, April 2.

Frequent references have been made during these hearings to the Chicago aviation agreements. I am sure members of the committee are familiar with the transport agreement, commonly referred to as the five freedoms agreement, which came out of the Chicago conference before this committee, and on other occasions, representatives of the State Department have made much of the fact that a substantial number of nations have signed this five freedoms agreement. I invite the attention of members of the committee to the charts inserted in the record at the first day of these hearings, showing the status of the Chicago documents.

The United States has signed the five freedoms agreement; and the State Department says we are bound by it. Now, what other countries have signed? Let me read the list. Afghanistan, Bolivia (but the State Department's chart does not show formal acceptance by Bolivia), China (with a reservation), Costa Rica, Cuba, the Dominican Republic, Ecuado (but no formal note of acceptance has been received from Ecuador, according to the State Department's chart), El Salvador, Ethiopia, Guatemala (but the State Department chart shows no receipt of any note of acceptance from Guatemala), Haiti (but no note of acceptance), Honduras, Iceland (but no note of acceptance), Lebanon (signed ad referendum, and no note of acceptance), Liberia, Mexico (no note of acceptance recorded), the Netherlands, Nicaragua, Paraguay, Peru (no note of acceptance), Sweden, Syria (with a reservation, and no note of acceptance yet received), Turkey (with a reservation), Uruguay (no note of acceptance), Venezuela (signed ad referendum, and no note of acceptance received), the Danish Minister (but Denmark has formally accepted only the interim agreement, and has not accepted the five-freedoms agreement), and the Thai Minister.

Mr. Chairman, the benefits which the United States will receive from the rights granted by those nations in return for the rights they are entitled to from us, as a result of their signature to the five-freedoms agreement, are of very little value to American aviation. Now, what about the nations which really have something to trade? Great Britain has not signed the five-freedoms agreement, nor has any one of the British dominions. France has not signed the five-freedoms agreement. Norway has not signed. Portugal has not signed. Spain has not signed. Other participants in the Chicago conference which have not signed the five-freedoms agreement include Australia, Belgium, Brazil, Canada, Chile, Columbia, Czechoslovakia, Egypt, Greece, India, Iran, Iraq, Ireland, Luxemburg, New Zealand, Panama the Philippine Commonwealth, Poland, Switzerland, the Union of South Africa, and Yugoslavia. With some of these nations, as in the case of Great Britain and France, we have signed bilateral air transport agreements. But those agreements comprehend only an exchange of rights between the United States and the other signatory to the agreement in each case. The theory of the five-freedoms agreement was a reciprocal granting of rights to all other signatories. Because we have signed the five-freedoms agreement, every bilateral agreement we conclude or have concluded with another country, covering air transport, is binding against

us in favor of any nation which has signed or does sign the five-freedoms agreement. But the other signatories to bilateral agreements with us, who have not signed the five-freedoms agreement, are bound only by the terms of the bilateral agreement. They have preserved their bargaining power as against other nations and, as to all matters outside the four corners of the bilateral agreement, as against us. Mr. Chairman, I think those facts are important, and I wanted them in the record.

Mention has been made during these hearings of the fact that the Bermuda agreement comprehends no control whatsoever over frequencies of flight by international air carriers. In connection with this point, there has been some confusion. It should be made clear that whereas section 401 (f) of the Civil Aeronautics Act of 1938 specifically prohibits exercise by the Civil Aeronautics Board of any control over the frequencies of United States air carriers holding certificates for air transportation between this country and foreign nations, section 402 (f) of the act includes broad authority for the Board to prescribe terms, conditions, and limitations which shall attach to any permit issued to a foreign air carrier. This clearly appears to embrace the power to control frequencies of foreign air carriers. It is this power which the Civil Aeronautics Board is giving up under the Bermuda agreement. It is significant that the Congress made different provisions in this respect for United States air carriers, on the one hand, and foreign air carriers, on the other. The intention of the Congress, as ascertained from the Civil Aeronautics Act of 1938, is quite clear. It was the view of the Congress that United States air carriers should not be restricted as to frequencies, but that power to control the frequencies of foreign air carriers should rest with the Civil Aeronautics Board, as an incident to protection of American aviation. This is, therefore, another instance in which the will of the Congress has been flouted by the Bermuda agreement.

During his testimony on the opening day of these hearings, Mr. Baker, of the State Department, called attention to what he said was a fact recognized by the American delegates when they went to Bermuda, namely, that a country into whose air space we wished to fly could prevent us from doing so if our companies charged rates which the foreign nation believed uneconomic. So that there may be no misunderstanding on this point, I should like to make it clear that our position in this respect was not improved by the Bermuda agreement. Unless and until the Congress grants to the Civil Aeronautics Board authority to control rates, the British have reserved all of the rights which they had before the Bermuda Conference relative to stopping American companies from flying into British points. If the Congress does grant the authority to control rates, the Bermuda agreement pledges the Civil Aeronautics Board to use that authority in accordance with what Mr. Baker called advisory opinions of PICAO. Since the British and other foreign governments outvote us on PICAO, it can be seen that under the Bermuda agreement the British will retain effective control over the rates of American carriers landing in British territory, whether Congress acts or not.

Perhaps that point needs a little explanation.

Article 9 of the Bermuda agreement summarized in subparagraph 7 provides, in effect, that any dispute between the two nations relating to the interpretation or application of the Bermuda agreement which cannot be settled through consultation shall be referred for an advisory report to PICAO. Article 8 of the Bermuda agreement provides that if either nation wishes to modify the terms of the annex (which covers routes) it shall consult the other nation, party to the Bermuda agreement. Then, under article 9, if an agreement cannot be reached, the matter is to be referred to PICAO. Subsection (g) of paragraph 2 of the annex to the Bermuda agreement provides that when the two nations cannot agree within a reasonable time upon the appropriate rate after consultation, either party may request, and the other party must agree, to submit the question to PICAO; and both nations agree in advance to use their best efforts under all powers available to them to put into effect the opinion expressed by PICAO in its advisory report.

Thus, in effect, the CAB has abdicated any rights which it may have with respect to rates (and perhaps also with respect to routes) in favor of an international organization on which United States air line can be out-voted 42 to 1.

In this connection, it is interesting that the Bermuda agreement binds the executive branch of the United States Government to seek congressional authority to fix rates for United States air carriers on international air services. But the provisions of article 9, just outlined, provide in effect that if Congress grants such power, the CAB can only use that power in a way approved by the United Kingdom; or, lacking such approval, in whatever way PICAO may direct. In other words, Congress is asked to provide a power but is being told in advance (in an executive agreement) how that power shall be exercised, and under what conditions; and Congress is also being told that the power which it is to be asked to grant shall be subservient to a higher power vested in an international organization. Thus, in effect, Congress is being asked to abdicate its own powers to PICAO.

I call the attention of the committee to the colloquy between Senator CORDON and Mr. Baker, of the State Department during the first day of hearings on this bill. Senator CORDON, speaking of the Bermuda agreement, said: "Your view is that the executive agreement has been reached, signed, and is a fait accompli so far as this country is concerned now?" Mr. Baker replied: "It is my understanding." Senator CORDON then said: "As far as the presentation to this committee is concerned, you are simply presenting a history of something that is done." Mr. Baker replied: "As far as the executive agreement, the air-transport agreement, which is considered to be an executive agreement—that would be true, Senator. It gets a little complicated because part of the agreement is that the executive branch of the Government would urge upon the Congress certain future action, which would be solely within the province of the Congress."

I think that colloquy is important for two reasons. First, it makes it very clear that the State Department's attitude is that the Bermuda agreement, arrived at in secret and without any consultation with the Congress, is completely binding, and that Congress can do nothing to undo it. Secondly, the latter part of Mr. Baker's statement, which I have just read, was somewhat misleading. The "future action" which Mr. Baker referred to as to be urged upon the Congress by the executive branch of the Government, is the proposal to grant statutory authority for the regulation of rates and frequencies in international air transportation. Mr. Baker said this would "be solely within the province of the Congress." The fact of the matter is, as I have just pointed out, that under the Bermuda agreement, any authority of that nature which the Congress might grant would have to be exercised not at the discretion of the Civil Aeronautics Board, but in accordance with the actions of PICAO. In other words, the provisions of the Bermuda agreement, which Mr. Baker has said constitute a fait accompli, signed, sealed, and delivered, would by their terms control the exercise of any authority over rates, fares, and frequencies which the Congress might see fit to grant to the Civil Aeronautics Board. Mr. Chairman, if that is not a clear attempt to tie the hands of Congress with respect to its future action, I have never seen one.

Members of the committee will also find interesting an interchange between Senator BREWSTER and Mr. Baker, which also occurred on the first day of the hearings. Speaking of the Bermuda agreement, Senator BREWSTER asked: "Is this now a fait accompli? Does it require the approval of the President or Secretary of State?" Mr. Baker replied: "As I understand it, I was specifically granted by the President full powers to sign an executive agreement at Bermuda after he had had described to him the material which was to be signed." Senator BREWSTER then asked: "You were given full authority to sign for the President and you did so?" Mr. Baker replied: "I did so."

Mr. Baker of the State Department testified before this committee that the purpose of the Civil Aeronautics Board, in asking for authority from Congress to fix and control rates in international air transportation, and the desire of the State Department in negotiating an agreement that such authority from the Congress would be sought, was to give the Civil Aeronautics Board discretion to go into rate matters and to control such matters. As a matter of fact, the executive branch of the Government already, and before any power of that nature has been granted by the Congress, has abdicated its discretion in that respect, through the provision of the Bermuda agreement requiring ultimate submission of disagreements to PICAO, and binding this Government to do everything in its power to put into effect the advisory opinion which PICAO may render in any case. Since we have agreed to do everything we can to make a PICAO opinion valid, and to enforce it, even to the extent of pledging in advance the authority which Congress has been asked to grant it cannot be denied that the opinions which PICAO will render are certainly somewhat more than advisory.

Members of the committee will remember the lengthy statement of the State Department which Mr. Baker read into the record in answer to an anonymous memorandum which apparently concerned him greatly. That statement of the State Department contains one very interesting passage. After stating that it is assumed that Great Britain will operate its air lines at a lower cost than is possible for American carriers, that statement of the State Department went on to declare that if it is true that the foreign operators are to be the low-cost operators of the future, then—and I quote—"control of rates through adequate powers conferred upon the CAB is not only advantageous but essential for the development of American international aviation." That is our State Department speaking, Mr. Chairman. And yet, in the face of that statement, the power of the CAB to control the rates of foreign air carriers has been traded away under the Bermuda and Paris agreements. In that connection, Mr. Chairman, I should like to point out that the power to control rates which the CAB is asking Congress to grant refers only to the rates of United States air carriers in international air transportation. With respect to foreign air carriers, the Civil Aeronautics Act granted to the CAB powers which would enable it to control the rates of such carriers; and, except to the extent that those powers may have been traded away at Bermuda and elsewhere, they are possessed by the CAB today. The situation, therefore, is exactly this: We have traded away our right to control the rates of foreign air carriers, but the Congress is now being asked to grant control over the rates of United States air carriers, with the express understanding that such power, if

granted, will not be exercised in the discretion of the Civil Aeronautics Board, but in accordance with the findings and opinions of PICAO, an international body on which we are heavily outvoted. We have given up our right to control the rates of British air carriers, but, on the other hand, have agreed to try to hand over to Great Britain and her satellite nations, through PICAO, a measure of control over the rates of United States air carriers which Great Britain could not acquire in any other way.

Now let me turn to another phase of this matter.

Under date of February 11, 1946, the State Department issued a press release explaining the Bermuda agreement. Subparagraph (i) of paragraph 6, on page 2 of this release, stated that one of the high lights resulting from the Bermuda Conference is—and I quote—"Rates to be charged by air carriers operating between points in the United Kingdom and points in the United States are to be subject to governmental review." Mr. Chairman, there is no present authority in law for any agency in the executive department of the United States Government to control or "review" rates to be charged by United States air carriers operating between any point in the United States and any point outside the United States, in international air transportation. Therefore, such rates can be made subject to governmental review only on the theory that the Bermuda agreement itself conveys the right for such review. Since the Bermuda agreement is, according to the State Department, an executive agreement, and not a treaty, it cannot convey any rights nor supersede, amend, amplify, or alter any statutes. Therefore, the Bermuda agreement, if this statement of the State Department is to be accepted at face value, binds the United States to a principle for which there is no legal authorization. It commits the United States to a "review" of rates which it has no right to require and which it cannot enforce.

Section 801 of the Civil Aeronautics Act of 1938 provides that "the issuance, denial, transfer, amendment, cancellation, suspension, or revocation of, and the terms, conditions, and limitations contained in, any certificate authorizing an air carrier to engage in overseas or foreign air transportation, or air transportation between places in the same territory or possession, or any permit issuable to any foreign air carrier under section 402, shall be subject to the approval of the President." Granting to the United Kingdom the freedom to determine the frequency of operations of its air lines to and from the United States must be interpreted either as (1) abrogating this right of the President to approve, or (2) relegating Presidential approval to the status of a mere ministerial act by requiring him to rubber stamp any decision which the United Kingdom may make with regard to its air lines operating to and from this country. It is extremely doubtful, in law, whether the right of approval specifically granted to the President by act of Congress, and by its terms (as well as in practice, heretofore) a discretionary power, can be nullified or coerced in any such way, by means of a mere executive agreement.

From a national defense standpoint, the Bermuda agreement, the agreement with the French, other bilateral air transport agreements entered into between the United States and foreign nations, and the five freedoms agreement which we signed at Chicago should have, and undoubtedly do have, great interest to the high command of our Army, Navy, and Air Force. The combined effect of all these agreements is to grant rights to a number of foreign nations to operate unlimited schedules across the United States. No one can say yet how many foreign air lines eventually will have such rights. It has been clearly brought out during these hearings that the rights which we have granted to the British, and to the French, are a controlling element with respect to the rights which we must grant to any other nation which elects to sign the five freedoms agreement. I do not know whether it is the policy of the State Department to permit the high command to voice opinions when diplomatic negotiations for the surrender of our air sovereignty are pending. I cannot imagine that our high command would favor or does favor the idea of 10 or a dozen or more foreign air lines operating unlimited schedules on routes crisscrossing the United States. The right for any foreign country to fly over the United States at will, to use the strategic outposts of Hawaii, Midway, and Guam, is a question of great concern to our national security. That is one reason why the Congress provided, in section 402 (g) of the Civil Aeronautics Act of 1938, that any permit issued to a foreign air carrier might be altered, modified, amended, suspended, canceled, or revoked by the Civil Aeronautics Board whenever the Board should find such action to be in the public interest. It is one reason why the Congress provided, in section 402 (e) of the Civil Aeronautics Act, that permits to foreign air carriers should be granted only after public notice and after opportunity for any interested person to file a protest or memorandum of opposition to the issuance of the permit. Those provisions of the act appear to have been either overlooked or deliberately nullified by the representatives of this country in negotiating the Bermuda agreement.

Mr. Chairman, the committee certainly should give consideration to the views of the President in this matter. President Truman's statement on the Bermuda agreement, issued on February 26, has been made a part of the record in these hearings. Let me quote from that statement:

"Because civil aviation involves not only problems of transportation but security, sovereignty, and national prestige problems as well, the joint working out of air-transport agreements between nations is a most difficult one. Many countries, naturally desirous of having air-transport companies of their own and with treasuries heavily depleted by their war efforts, have a genuine fear of the type of rate war with which the history of various forms of transportation has been so full. In the Bermuda agreement the executive branch of the United States Government has concurred in a plan for the setting up of machinery which should protect against the type of rate war feared by so many of the countries through whose air space we desire that our airplanes have the right to fly."

Mr. Chairman, what the President says there is, in effect, that foreign countries are afraid they cannot operate as cheaply as we can; and that the Bermuda agreement protects these countries against any possibility that American companies will give the public the advantage of this ability to fly more cheaply. In other words, the President says—and he is right—that not only Great Britain, but many other countries who have been worrying for fear we should get most of the overseas traffic by doing the job cheaper than anyone else, now have nothing to worry about on that score. I am unable to tell whether the President is happy about this, and whether he has endorsed the Bermuda agreement in spite of this or because of it.

The passage I have just quoted from the President's statement indicates that the decision with respect to rate regulations, which was reached at Bermuda, involved considerations of security, sovereignty, and national prestige. Later in his statement, the President quoted approvingly what he called the major purpose of the two Governments, using the language of the Bermuda agreement that—and I quote:

"The two Governments desire to foster and encourage the widest possible distribution of the benefits of air travel for the general good of mankind at the cheapest rates consistent with sound economic principles."

Certainly, Mr. Chairman, such considerations as security, sovereignty, and national prestige, and the desire of many countries to have air-transport companies of their own, have nothing to do with "sound economic principles." Perhaps it is noteworthy that the President did not say that the Bermuda agreement carries out the major purpose which he approved, but rather stated only that the results of the Bermuda Conference "constitute a * * * forward step."

Mr. Chairman, the question of what kind of a trade was made at Bermuda has been very thoroughly explored at these hearings. These are just a few points I want to clear up for the record.

It has been stressed several times during this hearing that the United States obtained, under the Bermuda agreement, landing rights at 17 points in the British Empire in exchange for a grant to the British of landing rights at 9 traffic centers in the United States. This comparison does not tell the whole story. The important factor is the volume of tourist traffic and business passenger traffic originated at the respective points at which landing rights have been granted. Involved in this consideration are such questions as the composition of the population, relative standards of living, traveling habits, and so on. When these considerations are taken into account, it becomes very clear that the potential traffic opened up to the British is substantially greater than the traffic American lines may hope to obtain from the 17 points in the British Empire at which landing rights have been granted to us.

In his statement before the committee on February 27, Mr. Welch Pogue said that—and I quote: "It is, of course, impossible to compute mathematically the passenger miles which the agreement provides United States carriers or the passenger miles which it provides British carriers." Mr. Chairman, that statement is technically correct. It is impossible to compute mathematically the figures in question. It certainly should not be impossible to make fairly accurate estimates, on the basis of known travel figures. But Mr. Pogue and Mr. Baker told us, in response to subsequent questioning, that no such estimates had been made. Yet a little farther along in the same paragraph from which I have already quoted, Mr. Pogue said—and I quote: "However, since the important thing is not the length of the route, but the amount of traffic which is carried over the route, estimates of route mileages are only misleading. * * * Passenger mileage is the significant statistic." Mr. Chairman, I think it is proper to ask, since it was recognized that passenger mileage over these new routes was the most important factor, why no effort was made to estimate the passenger mileage involved in the routes which we granted Great Britain and those which we received in return.

Now, another point. A member of the commitee expressed the opinion, during the course of these hearings, that Americans would prefer to travel on American-flag lines and therefore that there was no danger of traffic being diverted from American air carriers to British or other foreign air lines. I think an excellent answer to that assumption is the record of the historic traffic pattern in surface transportation overseas. The report on overseas air-service patterns, prepared by Mr. F. H. Crozier, of the Civil Aeronautics Board, and issued in December 1944, shows that 89 percent of all the money paid by United States residents for travel overseas on surface vessels went to foreign steamship lines. The same study shows that 72 percent of all money paid for overseas travel between the United States and foreign countries, by surface vessels, was paid by United States residents. Yet United States steamship lines

received only 9.4 percent of all overseas surface travel revenues. Breaking those figures down further, we find that United States residents, in the calendar year 1938, spent $61,800,000 for travel across the Atlantic by surface vessel; and they spent $55,000,000 of that total for travel on foreign steamships. That certainly does not establish any traditional preference by Americans for travel on American-flag ships.

Perhaps this is as good a time as any to raise a point about which I feel very strongly. In his report on this bill the Secretary of State declared that—and I quote—"During the last several years, the Department of State has conscientiously and, I believe, effectively carried out a policy of consultation with appropriate congressional leaders on important foreign negotiations." Mr. Chairman, this statement by the Secretary was cited with approval by the Director of the Budget in his brief report on this bill, which echoes an amen to the report of the Secretary of State. Summarizing the Secretary's statements in this regard, the Budget Director referred to the State Department report as one—and I quote—"in which the Department indicated its complete satisfaction with the policy which has been pursued during the last several years of consulting with appropriate congressional leaders on important foreign negotiations which may be expected to develop into the conclusion of agreements or treaties requiring action on the part of the executive branch of the Government." Mr. Chairman, if that is the policy of the State Department, the Department certainly departed from its policy in connection with the Bermuda and Paris agreements. Those agreements were negotiated in secret, and entirely without either prior or contemporary consultation with any Members of Congress, so far as I know. Certainly this committee was not consulted, and Mr. Baker testified he had not consulted any Member of Congress. Perhaps the State Department did not feel there were any Members of Congress who were "appropriate" for consultation in this case. Mr. Chairman, I want to say most emphatically that, in my opinion, while consultation between executive departments of the Government and Members of Congress is a highly desirable practice, I do not believe it is proper for any executive department to decide for itself, in a case of this kind, who are the appropriate Members of Congress to be consulted. The matter of our international aviation policy is one for the Congress as a whole to determine.

Members of the committee have asked me to make some comment on the authority by which the Bermuda agreement was consummated and implemented.

This question divides itself into two parts: First, the authority by which the State Department entered into the agreement; second, the authority under which the Civil Aeronautics Board approved the IATA conference-procedure agreement. There are some other questions of authority, such as the apparent commitment of the Civil Aeronautics Board under the Bermuda agreement to review rates of United States air carriers in international air transportation, but since, so far, there has been no attempt by the Civil Aeronautics Board to exercise authority in these other fields I speak of, the question of authority narrows down to the two points I have just mentioned.

With respect to the authority of the State Department to negotiate the Bermuda agreement, the State Department's position was made clear in a memorandum read by Mr. Blake, which members of the committee will recall Mr. Blake said was in answer to an anonymous memorandum which he said had been circulated among Members of Congress. In the State Department memorandum, which Mr. Blake read, the following statement was made:

"Under the Civil Aeronautics Act of 1938, the President is empowered to grant air-transport rights to foreign nations through the CAB by means of agreements negotiated by the Department of State in consultation with the Board. These agreements must be within the framework of the existing statute. The State Department believes that the air-transport agreement with Great Britain was negotiated within these powers and conditions." Mr. Chairman, I have already pointed out that the State Department did not contend that its authority to negotiate an executive agreement at Bermuda was derived from the constitutional powers of the President, but that it was statutory authority. The quotation I have just made from the State Department memorandum sums the Department's position up quite clearly; and since Mr. Blake told us that memorandum was prepared in answer to criticism on this point of authority, I think we may quite properly take this statement from the State Department memorandum as the basis for discussion of this point.

Let me read it again:

"Under the Civil Aeronautics Act of 1938, the President is empowered to grant air-transport rights to foreign nations through the CAB by means of agreements negotiated by the Department of State in consultation with the Board. These agreements must be within the framework of the existing statute. The State Department believes that the air-transport agreement with Great Britain was negotiated within these powers and conditions."

Mr. Chairman, section 801 of the Civil Aeronautics Act provides that:

"The issuance, denial, transfer, amendment, cancellation, suspension, or revocation of, and the terms, conditions, and limitations contained in, any certificate authorizing an air carrier to engage in overseas or foreign air transportation, or air transportation between places in the same territory or possession, or any permit issuable to any foreign air carrier under section 402 shall be subject to the approval of the President. Copies of all applications in respect to such certificates and permits shall be transmitted to the President by the Authority before hearing theron, and all decisions thereon by the Authority shall be submitted to the President before publication thereof. This section shall not apply to the issuance or denial of any certificate issuable under section 401 (e) or any permit issuable under section 402 (c) or to the original terms, conditions, or limitations of any such certificate or permit."

Section 802 of the Civil Aeronautics Act reads as follows:

"The Secretary of State shall advise the Authority of, and consult with the Authority concerning, the negotiation of any agreements with foreign governments for the establishment or development of air navigation, including air routes and services."

Section 1102 of the Civil Aeronautics Act reads as follows:

"In exercising and performing its powers and duties under this act, the Authority shall do so consistently with any obligation assumed by the United States in any treaty, convention, or agreement that may be in force between the United States and any foreign country or foreign countries, shall take into consideration any applicable laws and requirements of foreign countries and shall not, in exercising and performing its powers and duties with respect to certificates of convenience and necessity, restrict compliance by any air carrier with any obligation, duty, or liability imposed by any foreign country: *Provided*, That this section shall not apply to any obligation, duty, or liability arising out of a contract or other agreement, heretofore or hereafter entered into between an air carrier, or any officer or representative thereof, and any foreign country, if such contract or agreement is disapproved by the Authority as being contrary to the public interest."

Now, Mr. Chairman, each of these three sections of the Civil Aeronautics act has at one time or another been cited by one or more proponents of the Bermuda agreement as the basis for the authority to negotiate that agreement. Let us consider them one by one.

Section 801 comes closest to meeting the statement of the State Department that under the Civil Aeronautics Act of 1938, the President is empowered to grant air transport rights to foreign nations through the CAB by means of agreements negotiated by the Department of State in consultation with the Board. Actually, of course, both sections 801 and 802 must be considered together to get any such concept. And, if we examine these sections very, very perfunctorily, it might appear that they do grant such authority. A somewhat closer examination, however, reveals several interesting facts.

First, section 801 does not grant the President the right to give air transport rights to foreign nations. It does provide that the CAB can act in this regard only subject to the approval of the President. That may sound like a technical distinction, but it is a very important one. It is important because, on the one hand, you have an assumption that the President may do whatever he pleases about granting rights to foreign air lines, and merely use the CAB as an implement for his actions. On the other hand—and this, Mr. Chairman, is what the Civil Aeronautics Act provides—the President is given only what amounts to a veto power over the actions of the CAB in connection with rights granted to foreign air carriers, or to United States air carriers to engage in overseas or foreign air transportation. I believe it is going entirely too far to assume that this veto power implies the power of the President to go ahead, after he has disapproved a CAB finding, and make whatever agreement or grant whatever rights he may see fit to make or grant. The President does not have that power under the Civil Aeronautics Act. Let me point out further, that section 801 requires that copies of all applications in respect to certificates and permits for overseas or foreign air transportation shall be transmitted to the President before hearing. That portion of the section was not complied with in the case of the Bermuda agreement. As a matter of fact, as we all know, the Bermuda agreement granted rights to foreign air carriers without any hearing whatsoever. Mr. Chairman, it is axiomatic in the law that he who seeks to invoke a statute must himself comply with it. I do not see how the State Department or the Civil Aeronautics Board can claim any authority under section 801 of the Civil Aeronautics Act unless the authority in question was exercised in full compliance with that section.

Now let us consider section 802. This section does not, as the State Department memorandum would lead us to believe, convey any authority to the State Department to negotiate agreements granting air transport rights to foreign nations. Let me read the language of section 802 again:

"The Secretary of State shall advise the authority of, and consult with the authority concerning, the negotiation of any agreements with foreign governments for the establishment or development of air navigation, including air routes and services."

All that section says is that when the Secretary of State is about to negotiate or is negotiating any agreements with foreign governments for the establishment or development of air navigation, including air routes and services, he shall advise the Civil Aeronautics Board of the negotiations and shall consult with the Board concerning them. This is not a grant of power; it is a restriction upon the authority of the State Depart-

ment. The authority to negotiate agreements with foreign governments for the establishment or development of air navigation, including air routes and services, lies outside this section; it lies outside the Civil Aeronautics Act. All this section does is say that in exercising whatever authority he may have for the negotiation of such agreements, the Secretary of State shall advise the Civil Aeronautics Board of, and consult with the Board concerning, the negotiation of agreements of the type specified. If the Secretary of State has authority to negotiate a certain agreement by treaty, and only by treaty, then section 802 of the Civil Aeronautics Act says that if that agreement concerns establishment or development of air navigation, it can be negotiated only after advice to and consultation with, the Civil Aeronautics Board.

The State Department complied with section 802 of the Civil Aeronautics Act in negotiating the Bermuda agreement, since the representatives of the Civil Aeronautics Board were present in Bermuda and, in fact, we are told, actually negotiated the agreement, the State Department representative only signing what had been negotiated by the CAB. However, the fact that the Department complied with the provisions of this section has no bearing on the question of whether the Department had any authority in law to negotiate the agreement.

Now, Mr. Chairman, let us look at section 1102 of the Civil Aeronautics Act. This is the other side of the coin. Whereas section 802, as we have seen, put a limitation on the power of the State Department, namely, that in negotiating agreements with foreign governments for the establishment or development of air navigation, whether by treaty or otherwise, it should advise and consult with the Civil Aeronautics Board, section 1102 provides that the Board, in exercising and performing its powers and duties under the Civil Aeronautics Act, shall have due regard for obligations assumed by the United States in any treaty, convention, or agreement that may be in force between the United States and any foreign country or foreign countries. Section 1102 does not convey any authority to the Civil Aeronautics Board. It is a restriction upon the Board. It refers to the powers and duties of the Board under this act. That is, the powers and duties granted by sections of the act other than section 1102. It provides that in exercising and performing its powers and duties under the act, the Board shall do so consistently with any obligation of the United States that may be in force between the United States and any foreign country or foreign countries. Note the language of the section:

"Any obligation assumed by the United States in any treaty, convention, or agreement that may be in force." This clearly contemplates that treaties, conventions, or other agreements may be entered into; and it provides that when they have been entered into, the Civil Aeronautics Board shall exercise and perform its powers and duties consistently with any obligations thus assumed by the United States. I think members of the committee will agree with me that a treaty, convention, or agreement is not in force between the United States and any foreign country unless it has been negotiated and entered into under existing constitutional or statutory authority. Thus the question of whether the Bermuda agreement was entered into under proper authority and is, therefore, binding on the United States, is a question preliminary to determination of whether the Civil Aeronautics Board, under the provisions of section 1102 of the Civil Aeronautics Act, must exercise and perform its powers and duties under that act consistently with the Bermuda agreement. Since it is necessary to show conclusively that the agreement is in force before we can apply to the Civil Aeronautics Board the restriction imposed by section 1102, certainly we may not put the cart before the horse and say that section 1102 makes the Bermuda agreement good, regardless of whether it was negotiated and consummated under proper authority.

So much for the question of the authority under which the Bermuda agreement was entered into. Now, Mr. Chairman, let us consider the question of the authority of the Civil Aeronautics Board to approve the IATA conference procedure.

Members of the committee will recall that Mr. Pogue took issue with Senator BREWSTER when the Senator made reference to the "Legal validity of the Board's assumption of jurisdiction here."

Mr. Pogue said, at that time—and I quote—"The authority to decide on this specific kind of a set-up is in section 412, and it specifically mentions this kind of thing on rates."

Section 412 of the Civil Aeronautics Act provides as follows:

"(a) Every air carrier shall file with the Authority a true copy, or, if oral, a true and complete memorandum, of every contract or agreement (whether enforceable by provisions for liquidated damages, penalties, bonds, or otherwise) affecting air transportation and in force on the effective date of this section or hereafter entered into, or any modification or cancellation thereof, between such air carrier and other air carrier, foreign air carrier or other carrier for pooling or apportioning earnings, losses, traffic, service, or equipment, or relating to the establishment of transportation rates, fares, charges, or classifications, or for preserving and improving safety, economy, and efficiency of operation, or for controlling, regulating, preventing, or otherwise eliminating destructive, oppressive, or wasteful competition, or for regulating stops, schedules, and character of service, or for other cooperative working arrangements.

"(b) The Authority shall by order disapprove any such contract or agreement, whether or not previously approved by it, that it finds to be adverse to the public interest, or in violation of this act, and shall by order approve any such contract or agreement, or any modification or cancellation thereof, that it does not find to be adverse to the public interest, or in violation of this act."

Mr. Chairman, I was intimately concerned with the framing and enactment of the Civil Aeronautics Act of 1938. I spent a good deal of my time for many weary months laboring with this subject. We tried as best we could to anticipate every possible contingency, and to phrase the language of the act so carefully as to cover every such contingency. I am sorry if we failed. But I want to say, here and now, that if we had anticipated that any such interpretation would have been placed upon section 412 as has been placed upon it by the Civil Aeronautics Board in connection with the Board's approval of the IATA conference procedure, we should certainly have amended the language. This is one contingency we did not foresee. This section was intended to require the filing of tariffs by United States air carriers engaged in air transportation within the United States, over whose rates and fares the Board has jurisdiction. It was intended also to require the filing of agreements for joint rates and fares, for divisions of such fares, for pooling of equipment, and for various other matters which might be the subject of agreements between air carriers, whether foreign or domestic. It was also intended to require the filing of any agreements between an air carrier and any other carrier—rail or steamship, for instance, to the end that all such fares and agreements might be scrutinized by the Board before becoming effective. In writing the provisions of the act with respect to agreements between air carriers and other common carriers—those provisions are contained in section 1003 of the act—we used language which makes it clear that the rates, fares, and charges referred to were joint rates, fares, and charges. In writing the language of section 412, we were not, perhaps, quite so careful.

But I submit to you that the intent of the Congress in this connection is readily ascertainable from a reading of the act as a whole, even though it is not spelled out in the section cited. In fact, it is my belief that a reading of section 412 as a whole, without tearing any single phrase out of its context, makes it clear what the Congress intended. I am happy to say that at least one member of the Civil Aeronautics Board understood well enough what the Congress intended. I hope every member of the committee will read carefully, if he has not already done so, the minority opinion of Mr. Josh Lee in connection with the CAB decision on the IATA case. Let me quote one paragraph from Mr. Lee's opinion:

"I further recognize that it will be necessary for the carriers to arrive at understandings in order to facilitate the establishment of through service and joint rates. The Board can, therefore, at its discretion look favorably upon the agreements between connecting carriers for the interchange of traffic, for the coordination of schedules, for the establishment of through services, and for the fixing of joint rates. If these agreements are worked out directly between the connecting carriers themselves without involving other carriers, such agreements should have no adverse effects upon the reservation of competitive incentives and the determination of competitive rates by the action of each carrier. That is, I believe, the type of agreement which Congress anticipated might receive the Board's approval under section 412 (b) of the act."

Mr. Chairman, I have spent perhaps too much time on the question of the intent of Congress in enacting section 412 of the Civil Aeronautics Act. I have done so because I feel particularly well qualified to express an opinion as to that intent, and because it is my belief the committee is entitled to whatever light I may be able to throw on that question. The real crux of the situation, however, is whether the Civil Aeronautics Board has acted within the authority conveyed by section 412, whatever that authority may be.

On this point I can do no better than to again quote Mr. Lee:

"The IATA traffic conference resolution or agreement is admittedly intended to facilitate rate fixing and other joint action with regard to the kind and amount of service to be furnished by international air carriers. Such negotiations or agreements would constitute violations of the antitrust laws of the United States unless the basic agreement providing for this concerted action is approved by the Board, which approval will, pursuant to section 414 of the act, relieve the persons affected from the application of the antitrust laws.

"Section 412 of the act directs that the Board disapprove any contract or agreement submitted to it that it finds to be adverse to the public interest. In my opinion"—and I want to say there, Mr. Chairman, that is not only Mr. Lee's opinion; it is my opinion as well—"the traffic conference agreement submitted to us herein is adverse to the public interest for the reason that it is incompatible with the carefully established international air policy of the United States, and no sound reasons have been advanced why we should abandon this policy, permanently or temporarily."

Mr. Chairman, it has been stated at this hearing that the IATA Conference procedure for fixing rates in international air transportation is a cartel agreement. I do not wish to labor this point, but so that members of

the committee may ponder the matter for themselves, I want the record to contain a statement of what a cartel is.

Broadly speaking, a cartel is an agreement between companies, nominally competitive, to eliminate competition between them. Most cartel agreements contain provisions for the limitation of output, division of markets, and often for the fixing of prices. The word is often used interchangeably with the word "monopoly," although such use is probably not technically correct since the word "monopoly" also connotes the control of an industry by a single company as well as control by many companies operating through agreements. The word "cartel" does not apply to single-company domination, but rather applies to the understandings and agreements between companies for the joint control and private regulation of production and marketing. Cartel agreements are not necessarily formal or in writing.

The encyclopedia of the social sciences describes a cartel as an association based upon a contractual agreement between enterprises in the same field of business, which, while retaining their legal independence, associate themselves with a view to exerting a monopolistic influence on the market.

In common parlance the word more often refers to agreements between companies of different countries (sometimes cartels have been called private international economic governments), but the term does not necessarily refer merely to international agreements. It has also sometimes been used to refer to agreements between domestic companies, to regulate domestic production and marketing.

Now, Mr. Chairman, let me call the attention of the committee to a paragraph from the statement made by Mr. L. Welch Pogue, before this committee, on February 27. Mr. Pogue said—and I quote—"In addition to air transport rights in * * * strategic United Kingdom territories, it is also essential to obtain rights in several other strategic areas whose governments are guided by the United Kingdom in their policy and attitude toward air transport. Although obviously this agreement could not avoid landing rights in the territories of these sovereign countries, there is little doubt that the manifested willingness of the United Kingdom not only to cooperate with the United States but in large part to embrace its basic air-transport policy, will be of great assistance in obtaining the necessary traffic rights in these other countries." Mr. Chairman, Mr. Pogue was talking about the Bermuda agreement. I submit that the language which I have just quoted means only one thing: That in negotiating the Bermuda agreement, we were dealing with Great Britain as the head of a cartel, and that we recognized that fact.

Mr. Chairman, I promised to discuss the question of the difference between a treaty and an executive agreement. We have had considerable difficulty with that question during the course of these hearings.

The letter of the Secretary of State, which was read to the committee by Mr. Miller, reporting on this bill, refers to numerous agreements with foreign countries respecting aviation, and declares that "in all of these cases the agreements have been consistent with and could be carried out under the terms of existing legislation." A little later in that statement, the Secretary of State points out that "throughout the history of this country, there have been numerous instances where foreign negotiations have been concluded through agreements authorized or approved by acts of Congress in one of the fields of congressional responsibility under the Constitution. So long as these agreements remain with the scope of declared congressional policy, there would appear to be no objection whatever to this procedure."

In other words, Mr. Chairman, the Secretary of State recognizes the principle that executive agreements must be carried out consistent with and under the terms of existing legislation, and within the scope of declared congressional policy. The authority for executive agreements, therefore, is statutory. Now, that being the case, certainly Congress can withdraw that authority, either with respect to specific statutes, or with respect to any particular field of negotiations. That should dispose of any contention that S. 1814 is either unconstitutional or improper. The authority for making executive agreements comes from Congress; and Congress can take it away or modify it or circumscribe it, as Congress will.

In that connection, I call the attention of the committee to the statement made by Mr. Miller on the occasion on his appearance before the committee on March 7, that the Bermuda agreement "was only deemed to be within the power of the Executive because of the existing authority vested in the Executive by virtue of previous legislation in Congress."

I am rather inclined to approve the definition of executive agreement offered by our chairman, who said that "an executive agreement is an agreement entered into by the executive department with another country, on behalf of the United States, founded upon an existing treaty or derived from an act of Congress and existing only so long as the authority of the Congress exists."

While Mr. Miller of the State Department, in his discussion of executive agreements, contended that one source of authority whereby foreign agreements may be concluded, other than as treaties, is the inherent constitutional power of the President as the Chief Executive and diplomatic officer of the Government and Commander in Chief of the armed forces, to conclude agreements with foreign countries within the scope of his constitutional responsibilities, Mr. Miller went on, as I have pointed out, to make it clear that he does not consider the authority for making the Bermuda agreement, or similar agreements, to stem from this source. In fact, Mr. Miller cited what he referred to as, and I quote, "the various so-called executive agreements in the field of international civil aviation," as examples of agreements 'concluded by the executive branch in conjunction with legislative action by the Congress under one of its delegated powers." And Mr. Miller went on to say that "while for want of a better term such an agreement is customarily referred to as an executive agreement, it might with equal correctness be called a congressional agreement, since in the nature of this type of instrument its provisions could not be binding upon, or carried out by, the United States without legislative action by the Congress." Pointing out that there may be several different methods in which action by the legislative and executive branches may be combined to bring into being an agreement of this nature, Mr. Miller said that "in the first place, an agreement may be entered into with a foreign country under general powers vested in the executive branch through previous action by Congress." He then cited the various so-called executive agreements in the field of international civil aviation as examples of this type of agreements.

On this question of treaties versus executive agreements, I am somewhat inclined to agree with William Ephraim Mikel, who wrote in his book Limitations on the Treaty-Making Power that something has been written on the extent of the treaty-making power of the President and the Senate. Little has been decided.

Article II of the Constitution, section 2, clause 2, gives the President the power to make treaties by and with the advice and consent of two-thirds of the Senate present at the time, and such treaties are the supreme law of the land. These constitutional provisions contain no definition of the word "treaty" or the words "executive agreements."

It has long been recognized that a treaty is not immutable, but rather is subject to acts of Congress. In 112 U. S. 580, the Supreme Court, back in 1884, declared that: "We are of opinion that, so far as a treaty made by the United States with any foreign nation can become the subject of judicial cognizance in the courts of this country, it is subject to such acts as Congress may pass for its enforcement, modification, or repeal."

Bouvier's law dictionary, third revision, volume 2, page 3312, defines a treaty as a compact between two or more independent nations with a view to the public welfare. Bouvier's continues: "Treaties are for a perpetuity, or for a limited time. Those matters which are accomplished by a single act and are at once perfected in their execution are called agreements, conventions, and pactions, but the distinction in name is not always observed."

Here is another pertinent quotation from Bouvier's: "A treaty may supersede a prior act of Congress, and an act of Congress may supersede a prior treaty." And again: "When a treaty is inconsistent with a subsequent act of Congress, the latter will prevail, the Constitution does not declare that the law established by a treaty shall never be altered or repealed by Congress, and while good faith may cause Congress to refrain from making any change in such law, if it does so, its enactment becomes the law. No person acquires any vested right to the continued operation of a treaty. Although the other party to the treaty may have ground of complaint, still everyone is bound to obey the latest law passed."

In the case *Altman and Co.* v. *U. S.* (224 U. S. 583), the question was raised but not decided, as to whether under the provisions of the Constitution of the United States an agreement is a treaty unless made by the President and ratified by two-thirds of the Senate.

Black's Law Dictionary, third edition, page 1752, defines a treaty as an agreement, league or contract between two or more nations or sovereigns, formally signed by commissioners properly authorized, and solemnly ratified by the several sovereigns or the supreme power of each State.

Mr. Charles Cheney Hyde's textbook on International Law, volume 2, page 1405, carefully points out that the Constitution contains no definition of a treaty and no statement declaring under what circumstances a conventional arrangement purporting to bind the United States must be dealt with according to the procedure that is mandatory in the case of treaties."

Mr. Green Haywood Hackworth, in his Digest of International Law, volume 5, page 390, cites with approval a memorandum prepared by a former solicitor of the Department of State, classifying agreements made by the Executive and not submitted to the Senate as (1) "Agreements made pursuant to authority contained in acts of Congress," and (2) "Agreements entered into purely as Executive acts without legislative authorization."

On page 402 of the same volume, Mr. Hackworth quotes Under Secretary of State Grew as follows:

"In addition to the authority of the President under the Constitution to negotiate and sign treaties with foreign governments and by and with the advice and consent of the Senate to ratify them, the Executive is empowered without legislative sanction to conclude with foreign governments certain classes of agreements which are not classified as treaties in the sense in which that term is used in the Constitution. These agreements are concluded by virtue of the authority inherent in the Chief Executive under the Constitution, and are confined to subject matter within the purview of his constitutional authority."

Mr. Wallace Mitchell McClure, in his book International Executive Agreements, at page 277, says: "Perhaps there is no exact definition possible of the expression 'executive agreements.' It is doubtless used to include international agreements made by the Executive (whether under statutory authority or not), but excluding those made by and with the advice and consent of the Senate. In this sense it is obvious that the term comprises agreements and acts of a quite varied nature; for while such an agreement may finally be made by the President or under his direction, it may in some cases have a very different basis of authority from others; it may rest on a statute; it may follow a treaty; it may be an exercise of the power of the President under the Constitution and without the aid of statute or treaty, such as a modus vivendi or an agreement for the determination of claims of American citizens against another country; or it may, as in the case of an armistice, be his act as Commander in Chief."

An article in the Illinois Law Review, volume 35, page 375, expresses the opinion that executive agreements "are not the supreme law of the land," that they "cannot invalidate conflicting previous legislation," and that they are "not binding on individual citizens"; but then expresses the final conclusion that they are "nonetheless binding on the Nation as a whole."

The article in the Yale Law Journal, which was quoted approvingly to this committee by Mr. Miller, of the State Department, appears in volume 54. The committee might be interested to know that Mr. Miller deleted a phrase from the passage which he quoted. The full passage is as follows: "Despite many attempts to make distinctions between treaties and executive agreements in terms of form, subject matter and legal practical consequences, and however surprising or even shocking the conclusion may be to any who have not examined the record, this common usage is the only distinction that the facts of our constitutional law and practice will sustain." This article continues: "There are no significant criteria, under the Constitution of the United States or in the diplomatic practice of this Government, by which the genus "treaty" can be distinguished from the genus "executive agreement" other than the single criterion of the procedure or authority by which the United States consent to ratification is obtained. More explicity, agreements with other governments, when consummated pursuant to congressional authorization or when subsequently sanctioned by Congress, have the identical legal and practical consequences both under the municipal law of the United States and under international law, as treaties, consented to by two-thirds of the Senate. Agreements with other governments made pursuant to the President's authority alone, when within the scope of his independent powers, has furthermore, substantially the same status as treaties, except in some cases where there is contradictory legislation." Mr. Chairman, although the writer there states definitely his opinion that everything which is not a treaty is an executive agreement, he certainly implies by his choice of language that executive agreements fall into two classes, namely, agreements with other governments consummated pursuant to congressional authorization or subsequently sanctioned by Congress, and agreements with other governments made pursuant to the President's authority alone and within the scope of his independent powers. That is, to my way of thinking, coming a good deal closer to a definition that Mr. Miller led us to believe.

This same article in the Yale Law Journal contains a very interesting comparison between treaties and executive agreements. It is printed in parallel columns. I believe the distinctions made are so important, particularly in view of the fact that the State Department has quoted this article with approval, that it is worth while to take up the time of the committee to call attention to at least some of them.

A treaty, this article points out, is like a constitutional amendment. It can deal with any subject appropriate to international negotiations. On the other hand, the article states, "An executive agreement is strictly limited. It can deal only with subjects especially delegated by Congress, or if made independently by the President, can deal only with normal powers vested in the Commander in Chief and principal diplomatic officer.

A treaty, says this article which the State Department regards as authoritative, can do what Congress cannot. It confers legislative power on Congress. On the other hand, the article declares, an executive agreement cannot do what Congress cannot. It cannot confer on Congress powers of legislation it did not have before.

A treaty, says this article, must be ratified to be binding. An executive agreement, on the other hand, "need not be ratified by the United States." Mr. Chairman, that language is interesting and the reason for it is explained in the next distinction which the article makes between treaties and executive agreements.

A treaty, says the article, binds the United States for its duration. It cannot be repealed by act of Congress except for domestic purposes only. The international obligation remains binding. An executive agreement, on the other hand, this article points out—and I quote—"Binds only as long as it suits both sides. It morally binds only the signing executive, not his successors. If they wish it to continue, it is by voluntary act. An executive agreement is subject to repeal by act of Congress domestically and internationally. Unilateral indication of desire to terminate suffices. Repeal of authorizing statute suffices."

Mr. Chairman, it surprised me somewhat to find this comparison in the article from which the State Department representative was quoting. If Mr. Miller read this comparison, I cannot understand why he did not bring it to the attention of the committee. Perhaps he did not have time to read the whole article. The portion which he quoted was from about page 181. The comparison from which I am now quoting begins on page 623.

"A treaty," says this article, "has a special significance in constitutional law. It can repeal an act of Congress. An executive agreement is unmentioned in the Constitution and has grown only through the necessity of making agreements of a character not to warrant submission to the Senate. It can be repealed by Congress at any time, but cannot repeal an act of Congress. It can of course be nullified or abrogated by treaty, prior or subsequent."

The article points out that a treaty, under the Constitution, is the supreme law of the land, whereas an executive agreement, "with a few exceptions as to contrary State law or when made pursuant to act of Congress" is not supreme law of the land.

The article then points out that a treaty lasts, with unimportant exceptions, as long as its terms provide. On the other hand, the article states, an executive agreement—and I quote—"Is terminable at any time at the unilateral wish of one of the parties. This is true even if it purports to run for a given number of years. No successor to the President is bound by the latter's agreement, although he may consent to permit it to stand."

Mr. Chairman, this comparison concludes with what I consider to be something of a masterpiece of understatement. Pointing out that "no secret treaty can be made by the United States," the article states that: "An executive agreement invites secrecy since the President can make it without notifying anybody. Several secret agreements are now known."

Now, Mr. Chairman, I have just one more matter to discuss and I shall be through.

It has been loosely stated that S. 1814 would prohibit the executive branch of the Government from making any agreements respecting aviation. That is not so. The bill merely requires that certain types or kinds of agreements, in the field of international aviation, shall be made in the form of treaties if they are to be made at all. The kinds and types of agreements to which this requirement would be applied are carefully delineated in the bill. I know the committee will wish to consider this point, so let me paraphrase the bill to make this point clear.

One of the kinds of agreements which the bill would require to be made by treaty is an agreement with any foreign government restricting the right of the United States or its nationals to engage in air transport operations. That seems to be a perfectly proper provision. Restrictions on the right of American citizens to engage in international air transportation should not be made effective by this Government except through the orderly and constitutional processes which guarantee an opportunity for the persons affected by the proposed restrictions to have their day in court.

The next kind of agreement which the bill would require to be made by treaty is an agreement with any foreign government generally granting to such government or its nationals, or to any air line representing such government, any right or rights to operate in air transportation or air commerce other than as a foreign air carrier in accordance with the provisions of the Civil Aeronautics Act of 1938.

The Civil Aeronautics Act sets up a specific procedure and method for granting to foreign air lines operating rights in the United States. It provides for notice and opportunity for hearing. It provides for findings with respect to public convenience and necessity. It provides for Presidential approval. That is the pattern laid down by the Congress. Nothing in S. 1814 would change that pattern. On the contrary, enactment of S. 1814 would insure that the procedure set forth by the Congress shall be followed. Since this procedure is laid down by an act of Congress it cannot legally be changed by an executive agreement. If it is to be changed, it must be changed by treaty or by a subsequent act of Congress. Therefore, the provision of S. 1814 that no attempt may be made to change this procedure except by treaty certainly does no violence either to the Constitution or to the principles of international law.

One other kind of agreement would be required, under S. 1814, to be made by treaty, if at all. That is, agreements with foreign governments respecting the formation of, or the participation of the United States in, any international organization for regulation or control of international aviation.

Mr. Chairman, participation of the United States in an international organization for regulation or control of international aviation necessarily involves giving up some part of the sovereignty of the United States. No such waiver of sovereignty should ever be made by the mere action of the executive branch. Here, if anywhere, is a proper field for the exercise of treaty powers. Here, again, is a matter of vital interest to the public; a matter upon which all interested persons should have an opportunity to be heard, and upon which the will of the people, expressed through their elected representatives, should be listened to.

Participation by the United States in an international organization for regulation or control of international aviation is a continuing matter, of considerable permanency.

By any accepted definition, arrangements for such participation must be regarded as properly the subject of a treaty, rather than an executive agreement.

Those are the provisions of S. 1814. It does not usurp any powers of the President. It does not take away from the executive branch of the Government any powers which it legally has or can lawfully exercise. In a very large degree, this bill is only an attempted assertion of what is already the law.

This bill is an effective vehicle for the expression of the will of the Congress on this subject. A mere resolution by the Senate would not be effective.

This is a matter which cries out for assertion by the Congress of its right to form and control the policy of the United States. This bill is a means for asserting that right effectively and unequivocally, in the present instance. If the Congress, with all the evidence before it, refuses to assert its rights now, it will by its silence assume responsibility for what the executive agencies of the Government have done and may do; and if the result is loss by this country of its rightful place in world aviation, the fault will lie, in the eyes of the future, not with any official or department in the executive branch, but at the door of Congress, where it will then belong.

Mr. McCARRAN subsequently said: Mr. President, in the New York Times of March 10, 1946, there appeared a news article entitled "British Would Block United States Air Line in Italy." In keeping with the subject matter of my presentation earlier this afternoon, and in keeping with the study which is being made by the Senate Committee on Commerce with reference to the Bermuda agreement, the article to which I have referred is exceedingly interesting, and I ask unanimous consent that it be printed in the RECORD at this point as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BRITISH WOULD BLOCK UNITED STATES AIR LINE IN ITALY

ROME, April 9.—The British are exerting pressure through their Embassy here on the Italian Government to hold up ratification of the Trans-World Airline contract with the Italians for joint operation of Italian internal airways, it was asserted here tonight by a highly qualified person.

This is the newest move in an earnest undercover fight, with no holds barred, which has gone on for months between American and British air interests. The whole proceedings are invested with a heavy air of mystery, which can no longer be laid to a need for "security" but which is assiduously maintained.

The contract between TWA and the Italian Government was signed February 11 and approved by the combined Chiefs of Staff. The Allied Commission so informed the Italian Government March 22. Ratification by the Italian Government is still necessary.

The British have been bitter over their exclusion from Italian internal traffic and claimed the contract was negotiated without their knowledge. That is difficult to understand, since the Allied Commission representatives, including the British, were necessarily in touch with all developments.

Now it is charged the British are blackmailing the Italian Government with suggestions that, although the British cannot prevent the execution of the contract, they can make life easier or more difficult for Italians when the peace treaty is negotiated.

VETERANS' EMERGENCY HOUSING ACT OF 1946

The Senate resumed consideration of the bill (H. R. 4761) to amend the National Housing Act by adding thereto a new title relating to the prevention of speculation and excessive profits in the sale of housing, and to insure the availability of real estate for housing purposes at fair and reasonable prices, and for other purposes.

The PRESIDENT pro tempore. The question now recurs on agreeing to the committee amendment as amended.

Mr. McCLELLAN. Mr. President, I send forward an amendment which I ask to have read.

The PRESIDENT pro tempore. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. On page 21 it is proposed to strike out lines 4 to 23, inclusive, and insert in lieu thereof the following:

SEC. 2. (a) There is hereby created an office to be known as Housing Expediter; and the President is authorized, by and with the advice and consent of the Senate, to appoint an existing official of the Government to serve as Housing Expediter, or to appoint the Housing Expediter either within any existing agency or as an independent officer of the Government. In the event of an appointment of an existing official, he is hereby authorized and permitted to continue in his present post while serving as Housing Expediter, except that he shall receive no additional compensation by reason of his appointment hereunder. If, however, such Housing Expediter is appointed within an existing agency of the Government, he shall receive compensation in compliance with the laws and regulations applicable to officers within such agency; if the Housing Expediter is appointed as an independent officer of the Government, he shall receive compensation at the rate of $12,000 per annum.

Mr. BARKLEY. Mr. President, if the Senator yields, may I inquire if I am correct in stating that the amendment provides for senatorial confirmation of the Housing Expediter, no matter whether he be an existing official of the Government or is appointed within any existing agency, or as an independent officer of the Government?

Mr. McCLELLAN. That is the objective of the amendment.

Mr. BARKLEY. I have no objection to the amendment, Mr. President.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Arkansas [Mr. McCLELLAN] on page 21 of the committee amendment, as amended.

The amendment to the amendment was agreed to.

Mr. BUCK. Mr. President, I send forward an amendment which I ask to have stated. On page 39 of the bill, in line 8, after the word "than", I propose to strike out "$600,000,000" and insert in lieu thereof "$400,000,000."

Mr. President, I am opposed to subsidies, although yesterday I voted very reluctantly to retain subsidies in the bill. I did so because Mr. Wyatt, who appeared before the committee, gave us to understand that unless he had access to money for premium payments, this bill would not be effective. He stated that he would not be able to provide for the erection of houses as rapidly as we all want them to be constructed in order that they may be made available to veterans. He did not, however, to my satisfaction, tell us why $600,000,000 was fixed upon. He may have reached out into the air and gotten it, but, be that as it may, it is questionable whether it is too much or too little. I should much prefer to see the sum cut down and the Administrator come to Congress again and ask for an additional sum if he finds, in due time, that additional money is needed.

Mr. President, I hope the amendment I have offered will be agreed to.

Mr. BARKLEY. Mr. President, I do not like to find it necessary continually to be rising, seemingly monopolizing all the time, but I hope the pending amendment will not be agreed to. It was estimated before the committee that there would be a total of almost $14,000,000,000, at the retail level of building materials, necessary for the 2-year period, and this is a 2-year program. On the producers' level it would be a little above $9,000,000,000. It is estimated that there would be premium payments made upon 30 percent—we provided in the bill that it could not be beyond 30 percent—of the total amount of material. That would make it necessary to spend on the whole program a total of $426,000,000 in premium payments for the conventional material.

The Senate has authorized the Expediter to pay premium payments upon new materials which will amount to $200,000,000. In other words, the total amount estimated to be necessary to carry out the 2-year program is $626,000,000, but we are providing for only $600,000,000 as the maximum allowable under the bill.

If we cut this amount below $600,000,000, the Expediter must make his plans for the 2-year period according to the cloth he has. He cannot depend upon coming back to Congress at the beginning of 1947 and getting more money if he finds he needs it. He has to prepare a program for 1946 and 1947.

We have authorized the Expediter to use the premium payments. Certainly we are not going to be niggardly with him and hobble him in carrying out the program which we have authorized, by reducing the amount by one-third. If it turns out not to be necessary to use the entire $600,000,000, it will not be used, but if we cut it to $400,000,000 the Expediter will be required to prepare his plans for 1946 and 1947 based upon the $400,000,000 figure. He cannot go beyond that by one cent, and it would be entirely too late, anyway, to come back to Congress next January or February, or sometime in 1947, and try to amend his program so as to make it what it is necessary to make it now, in order that the 2-year program can be carried forward. I hope the amendment will not be agreed to.

Mr. TAFT. Mr. President, in the first place, the Expediter has no program. He is able to say that here and there he needs premium payments. So far as

making up a program as to where premium payments are to be made is concerned, he has not even gotten to that point yet.

The $600,000,000 is an appropriation. The Committee on Appropriations will never get another look at this money. It is handled in the same manner as subsidies have been handled. It will be handled by the RFC borrowing money to pay it, so that in effect we are now not only authorizing the $600,000,000 but we are making the appropriation. We are doing what we are refusing to do for every other department of the Government: we are at one time making an appropriation for 2 years.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. BARKLEY. It is not an appropriation in the ordinary sense. It is authority to the Reconstruction Finance Corporation to provide the premium payments to the extent of $600,000,000, as they have provided other payments out of money from sources available to them. It is not necessary for the Reconstruction Finance Corporation to come to the Committee on Appropriations or to Congress every time it makes premium payments, or pays subsidies, or whatever it may pay. The Committee on Appropriations does not have any jurisdiction over this amount, in the sense that it is an appropriation. It is authority to the Reconstruction Finance Corporation to use this amount, and, if necessary, in making premium payments, to obtain the amount from the sources from which it has received other funds.

Mr. TAFT. I do not think there is anything the Senator from Kentucky has said which contradicts anything I have stated. It is not really an appropriation, but in effect it is an appropriation. Unlike the situation in the case of most authorization bills, it is not necessary to come back to Congress for an appropriation. That is the point I am trying to make. If the Expediter did have to come back, I am quite certain that in this case the Committee on Appropriations would give him only the money he needed for 1946, or for the fiscal year 1946.

The $600,000,000 is to be spread over all of 1946 and all of 1947. It seems to me we should have another look at the program. Even its most earnest advocates must admit it is an experimental program. I think the amount should be cut to $400,000,000, and when Congress meets next January, if the experiment is a success, and if it is necessary to continue it, we can give the Expediter the other $200,000,000.

If we appropriate the $600,000,000, we cannot stop the program without direct and positive legislation, which probably could not be adopted, but if the Expediter needs more money he can return to Congress, and we can decide whether the program shall continue through the year 1947. I think we should have another look at the program.

Furthermore, if we give him now the $600,000,000, there is absolutely nothing in the bill to prevent his spending all of the $600,000,000 in 1946, and then coming back at the end of 1946 and saying, "I have established these rates, and they should not be changed, and I want more money."

It seems to me perfectly logical, assuming that $600,000,000 is to be spent over the whole program, if it continues, that we limit the appropriation at this time to $400,000,000, with the invitation to the Expediter to return next January, if he wishes, and if the program is a success we can look it over at that time, and retain the power in our hands to stop the program then if we think it should be stopped.

Mr. President, that is the purpose of offering the amendment, and on the amendment I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. BARKLEY. Mr. President, just one word in reply to one of the suggestions of the Senator from Ohio. He says the Expediter has no program. He has a program. He has a program of 1,200,000 houses in 1946 and 1,500,000 in 1947, which makes a total of 2,700,000 houses for veterans.

Two hundred thousand of those houses are provided for by appropriations which we have already made for veterans' housing, which reduces the number to 2,500,000. If we reduce the authorization by one-third, we reduce the number of houses in the program by one-third, and instead of getting 2,700,000 houses in 1946 and 1947, we will get about 1,600,000, plus the 200,000 for which we have already provided.

It will be impossible for the Expediter to bring about the necessary increase in production, which is the prime objective of the premium-payment program, if he has to wait until 1947 to begin the process of increasing production for the houses to be built in 1947.

The result will be that he will have to thin out his program and spread it out over a 2-year period, which will make it impossible to build the number of houses called for by the program.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. VANDENBERG. Is the $600,000,000 intended to cover a 2-year program?

Mr. BARKLEY. It is.

Mr. VANDENBERG. What would be the objection to a slight protection at this point to insure that it is not all exhausted in the first year, so that we then would confront the necessity of making a supplemental appropriation? In other words, I am asking the Senator what his reaction would be to an amendment which said, "Provided that not more than $600,000,000 shall be used for such premium payments, of which not more than $400,000,000 shall be used or obligated during the calendar year 1946."

Mr. BARKLEY. It may be necessary in 1946 to enter into contracts with producers by which they will be paid the premium on the increased production in 1947, or during the period 1946 and 1947. There ought not to be any prohibition against making provision in advance for the payment of the amount that will be due in 1947.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. TAFT. There is nothing that I know of relating to any contract with producers. No premium payments up to date have been made under contract. The private producers have announced what they are going to do, and when they stop doing it they will stop doing it. I would say that if we were going to limit the expenditure in 1946 it ought to be limited to $300,000,000 in 1946, because we have only part of the year to consider, as against 1947, if it is only payments that are involved. If obligations are involved, then I can agree to the $400,000,000 figure, because I take account of the fact that we have to provide for the first 3 months of 1947.

Mr. BARKLEY. I will say to the Senator from Michigan that there is this difficulty about it. What we need is an increase in production of building materials, not only for the building of veterans' homes, but for the building of other homes. If possible, we should stimulate production to the extent that all these homes could be built, and others besides, that is other construction. If it is possible to increase the production of building materials in 1946 to carry out the veterans' program in 1946 and 1947, it is doubtful whether the Expediter ought to be restricted in his ability to pay premiums on a sufficient amount of building materials to carry out the program.

Mr. VANDENBERG. That is the reason for my suggestion. I suggested $400,000,000 for 1946. I think there is force in the suggestion that, inasmuch as we have authorized the program, we ought to authorize the payments. But I think it may also be said, as the result of our experience with subsidies, Mr. President, that when once a program of this sort is initiated we too frequently confront an expansion of the program to such an extent that it exceeds anything we originally contemplated.

Mr. BARKLEY. That could not take place under this legislation unless Congress hereafter increases the amount beyond the $600,000,000.

Mr. VANDENBERG. I quite understand that; but if the Expediter spends the entire $600,000,000 in 1946, whereas he has already been committed to another year of operations, he would be in pretty good position to come here and justify his additional request.

Mr. BARKLEY. No. This is what would happen in that case: If he paid out in 1946 enough premium payments to bring about the increased production necessary to carry out this program it would mean that there would be enough building material available in the beginning of 1947 almost to guarantee that the program for that year could be continued.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. CONNALLY. If the $600,000,000 can be spent legitimately in 1946, why does anyone want to postpone the spending of any of it to 1947? The need is now, and the more quickly these houses

can be constructed, or the more quickly they can be contracted for or obligated for, the more desirable it is.

Mr. VANDENBERG. Very well. Let us apply it all to this year.

Mr. CONNALLY. I make that statement simply in answer to what the Senator from Michigan said.

Mr. BARKLEY. The objective of the $600,000,000 is to stimulate production of building material. If we stimulate it sufficiently in 1946 to bring about the increase in building material sufficient to carry out the program, there is a serious question whether the Expediter should be required to wait until 1947 to pay premium payments on products of 1946 for the program.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. VANDENBERG. I simply want to add that I am sorry to say I cannot conceive of a situation, under our experience with subsidies, which would lead me to the optimism that even if the scheme succeeded as completely as the Senator from Texas envisions and the $600,000,000 were spent successfully in the first year, there would then be a voluntary abandonment of the program in the year following. That would be just a nature fake.

Mr. BARKLEY. The voluntary abandonment of the program, of course, would not involve the program for building of houses, which the Government is not doing. It is stimulating the production of the material necessary to build the houses in the 2-year period.

Mr. President, regarding subsidies, the constant increase in authorization is more apparent than real. As a matter of fact a considerable amount of the subsidies authorized has already been saved and reallocated to another purpose, to be expended up until the 1st of July of this year. We did not increase the appropriation. We did not increase the authorization. But we transferred the savings in an amount authorized for subsidies in one category over to another in order to carry on the program until June 30, at which time the OPA situation will be gone into.

Mr. VANDENBERG. I will say to the Senator that I certainly do not intend to cut the appropriation with respect to the 2-year program. But I should like an opportunity to vote to be sure that we are financing a 2-year program.

Mr. BARKLEY. I agree with that objective. I think that is what we are doing. But if we say that the Expediter can spend so much of it in 1946 and so much of it in 1947, it might turn out that he would be handicapped in paying the premiums necessary to get the materials essential to begin the program of 1947 by the time 1947 arrives.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Delaware [Mr. BUCK] on page 39, line 7, to strike out "$600,000,000" and insert in lieu thereof "$400,000,000."

Mr. BUCK. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. WALSH. I announce that the Senator from Pennsylvania [Mr. MYERS] is attending a meeting of the Board of Visitors at the Naval Academy in Annapolis. If present and voting, he would vote "nay."

Mr. BANKHEAD. I have a general pair with the Senator from Nebraska [Mr. BUTLER]. Not knowing how he would vote, I transfer that pair to the Senator from Ohio [Mr. HUFFMAN], who if present and voting would vote as I intend to vote. I am therefore at liberty to vote. I vote "nay."

Mr. THOMAS of Utah. I have a general pair with the Senator from New Hampshire [Mr. BRIDGES]. Not knowing how he would vote, I transfer that pair to the Senator from Pennsylvania [Mr. MYERS], who if present and voting would vote as I intend to vote. I am therefore at liberty to vote. I vote "nay."

Mr. BARKLEY. I announce that the Senator from North Carolina [Mr. BAILEY], and the Senator from Virginia [Mr. GLASS] are absent because of illness.

The Senator from Alabama [Mr. HILL], and the Senator from Ohio [Mr. HUFFMAN] are absent because of deaths in their families.

The Senator from Georgia [Mr. GEORGE] is absent by leave of the Senate.

The Senator from Florida [Mr. ANDREWS], and the Senator from Maryland [Mr. TYDINGS] are necessarily absent.

The Senator from Mississippi [Mr. EASTLAND], the Senator from Illinois [Mr. LUCAS], and the Senator from Georgia [Mr. RUSSELL] are detained on public business.

The Senator from New Mexico [Mr. CHAVEZ] is absent on official business.

Mr. WHERRY. The Senator from Nebraska [Mr. BUTLER], the Senator from Oklahoma [Mr. MOORE], and the Senator from Indiana [Mr. WILLIS] are absent by leave of the Senate.

The Senator from New Hampshire [Mr. TOBEY] is absent on official business.

The Senator from Maine [Mr. BREWSTER] and the Senator from Michigan [Mr. FERGUSON] are necessarily absent.

The Senator from New Hampshire [Mr. BRIDGES] and the Senator from Nebraska [Mr. BUTLER] have general pairs which have been heretofore announced and transferred.

The Senator from Michigan [Mr. FERGUSON] and the Senator from Indiana [Mr. WILLIS] would vote "yea" if present.

The result was announced—yeas 25, nays 50, as follows:

YEAS—25

Ball	Hickenlooper	Saltonstall
Brooks	Langer	Smith
Buck	McClellan	Taft
Byrd	Millikin	Wherry
Capehart	O'Daniel	Wiley
Capper	Overton	Wilson
Gerry	Reed	Young
Gurney	Revercomb	
Hart	Robertson	

NAYS—50

Aiken	Bushfield	Ellender
Austin	Carville	Fulbright
Bankhead	Connally	Gossett
Barkley	Cordon	Green
Bilbo	Donnell	Guffey
Briggs	Downey	Hatch
Hawkes	McMahon	Shipstead
Hayden	Magnuson	Stewart
Hoey	Maybank	Taylor
Johnson, Colo.	Mead	Thomas, Okla.
Johnston, S. C.	Mitchell	Thomas, Utah
Kilgore	Morse	Tunnell
Knowland	Murdock	Vandenberg
La Follette	Murray	Wagner
McCarran	O'Mahoney	Walsh
McFarland	Pepper	Wheeler
McKellar	Radcliffe	

NOT VOTING—21

Andrews	Ferguson	Myers
Bailey	George	Russell
Brewster	Glass	Stanfill
Bridges	Hill	Tobey
Butler	Huffman	Tydings
Chavez	Lucas	White
Eastland	Moore	Willis

So Mr. BUCK's amendment was rejected.

Mr. BARKLEY. Mr. President, I wish to offer an amendment which I am sure will be agreed to. The amendment is on page 32, to strike out lines 4 to 9, inclusive.

The PRESIDENT pro tempore. The amendment offered by the Senator from Kentucky will be stated.

The LEGISLATIVE CLERK. On page 32, after line 3, it is proposed to strike out:

> If the buyer fails to bring an action under this subsection within 60 days from the date of the violation, the Expediter may bring such action on behalf of the United States within 1 year from the date of the violation. If such action is brought by the Expediter, the buyer shall thereafter be barred from bringing an action for the same violation.

Mr. BARKLEY. Mr. President, the language proposed to be stricken out provides that if the buyer fails to bring an action under the subsection within 60 days from the date of the violation, the Expediter may bring such action on behalf of the United States within 1 year. Personally, I do not think it is important. If the purchaser of a house who has been compelled to pay more than the ceiling price is not willing to bring suit to recover the difference, I do not see why the Expediter should be charged with that obligation. Therefore, I offer the amendment to strike out lines 4 to 9, inclusive, on page 32.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Kentucky [Mr. BARKLEY].

The amendment was agreed to.

Mr. BARKLEY. Mr. President, I wish to say to the Senator from Michigan [Mr. VANDENBERG], with reference to the suggestion which he made a while ago to limit the expenditure of the 1946 budget to $400,000,000, that the bill must go to conference. There is nothing in the House bill with reference to premium payments, and I should like an opportunity to look into the feasibility of the suggestion, to see whether such a limitation would be harmful. If it would not interfere with the program, I should be glad, in conference, to try to arrive at such a limitation of the expenditure. I think we can do it a little more intelligently in conference than here on the floor of the Senate.

Mr. TAFT. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. TAFT. At what point may the title be amended?

The PRESIDENT pro tempore. After the passage of the bill.

Mr. CORDON. Mr. President, do I correctly understand that the title may be amended only after the passage of the bill?

The PRESIDENT pro tempore. Only after the passage of the bill.

Mr. JOHNSON of Colorado. Mr. President, I have an amendment on the desk. I shall not press it because I have just been informed that the FHA and the NHA both prefer title VI in the present legislation to the amendment which I was about to offer.

I ask unanimous consent that my amendment be printed in the RECORD at this point as a part of my remarks.

There being no objection, the amendment intended to be proposed by Mr. JOHNSON of Colorado was ordered to be printed in the RECORD, as follows:

Amend paragraph (b) of section 711 by striking the period at the end thereof, inserting a colon and adding the following: "*Provided further*, That if the dwelling is designed for a single-family residence and the mortgagor is the owner and occupant of the property at the time of the insurance and is a person who is eligible for the benefits of title III of the Servicemen's Readjustment Act of 1944, as amended, the mortgage may involve a principal obligation not to exceed 100 percent of the Administrator's estimate of the necessary current replacement cost of the property, which otherwise complies with the provisions of this paragraph: *And provided further*, That any excess in the amount of the mortgage over 90 percent of the estimated necessary current replacement cost of the property shall be endorsed on the veteran's discharge or eligibility certificate, together with a notation of the type of insurance used, and such endorsement shall have the same effect upon the aggregate amount of the guaranty available to such veteran under the provisions of section 500 (a) of the Servicemen's Readjustment Act of 1944, as amended, as if such excess had been fully guaranteed under the provisions of title III of such act."

Mr. CORDON. Mr. President, I move that the bill be amended by striking out all the language appearing in lines 21 and 22, on page 19, the language reading as follows:

That this act may be cited as the "Veterans' Emergency Housing Act of 1946."

In my opinion, that title is a misnomer. I do not believe that the act should be cited as the "Veterans' Emergency Housing Act of 1946," or held out to anyone as such an act. It is a housing act for 140,000,000 people, of whom not more than 12,000,000 are veterans.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Oregon [Mr. CORDON].

Mr. BARKLEY. Mr. President, just a word about the pending amendment. The title was changed by the committee because, instead of being a mere technical amendment to the present housing laws, it is a bill intended to expedite the production of building material primarily for the benefit of veterans.

I hope the amendment will not be adopted.

Mr. MILLIKIN. Mr. President, I should like to read into the RECORD excerpts from a telegram pertinent to the pending bill which I have received from an American Legion post in Denver, Colo., of which I am a member:

At a regular meeting of Leyden-Chiles-Wickersham Post, No. 1, of American Legion, which has membership of over 8,300 and is the second largest post in the United States, it was voted to urge your opposition to the Patman Act and all similar legislation that will result in socialization and regimentation of housing. Since VJ-day continued Government wartime controls have prevented the huge construction industry from building homes needed by veterans, thus also denying employment to hundreds of thousands of veterans and other labor. Government agencies offer as a substitute unsound new legislation. Such proposed solution by public housing propagandists is opposed by veterans. Private enterprise throughout the country is ready with experience, building sites, and money to build more low-priced homes faster and better than any municipal, State, or Federal bureau, but because of Government policies materials and equipment are not available to them. In Denver alone 1,814 low-priced homes stand uncompleted because of lack of materials. We recommend that positive action be taken as follows:

1. Defer for 1 year all nonessential Federal, commercial, and industrial construction, plus construction of deluxe-price residences.

2. Lifting of price ceilings to enable full-scale production of materials and equipment used in homes to be built in the United States of America.

3. Prohibition of continued wholesale foreign shipments of lumber and other building materials.

4. FHA be made responsible that veterans be given 30 days' preference to purchase or rent new homes and apartments and for other directives to implement the spirit of low-priced homes for veterans.

The time has come for a show-down whether the United States of America is going to become socialistic or remain a strong nation of free enterprise.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Oregon [Mr. CORDON], on page 19, after line 20, to strike out "That this act may be cited as the 'Veterans' Emergency Housing Act of 1946.'" [Putting the question.]

Mr. MILLIKIN. Mr. President, I ask for a division.

Mr. BARKLEY. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. WALSH. I anounce that the Senator from Pennsylvania [Mr. MYERS] is attending a meeting of the Board of Visitors at the Naval Academy in Annapolis. If present and voting he would vote "nay."

Mr. BANKHEAD. I have a general pair with the Senator from Nebraska [Mr. BUTLER]. Not knowing how he would vote, I transfer that pair to the Senator from Ohio [Mr. HUFFMAN], who, if present and voting, would vote as I intend to vote. Therefore, being at liberty to vote, I vote "nay."

Mr. THOMAS of Utah. I have a general pair with the Senator from New Hampshire [Mr. BRIDGES]. Not knowing how he would vote, I transfer that pair to the Senator from Pennsylvania [Mr. MYERS], who, if present and voting, would vote as I intend to vote. I am, therefore, free to vote, and I vote "nay."

Mr. BARKLEY. I announce that the Senator from North Carolina [Mr. BAILEY], and the Senator from Virginia [Mr. GLASS], are absent because of illness.

The Senator from Alabama [Mr. HILL], and the Senator from Ohio [Mr. HUFFMAN] are absent because of deaths in their families.

The Senator from Georgia [Mr. GEORGE] is absent by leave of the Senate.

The Senator from Florida [Mr. ANDREWS], and the Senator from Maryland [Mr. TYDINGS] are necessarily absent.

The Senator from Mississippi [Mr. EASTLAND], and the Senator from Illinois [Mr. LUCAS], and the Senator from Georgia [Mr. RUSSELL] are detained on public business.

The Senator from New Mexico [Mr. CHAVEZ] is absent on official business.

Mr. WHERRY. The Senator from Nebraska [Mr. BUTLER], the Senator from Oklahoma [Mr. MOORE], and the Senator from Indiana [Mr. WILLIS] are absent by leave of the Senate.

The Senator from New Hampshire [Mr. TOBEY] is absent on official business.

The Senator from Maine [Mr. BREWSTER] and the Senator from Michigan [Mr. FERGUSON] are necessarily absent.

The Senator from New Hampshire [Mr. BRIDGES] and the Senator from Nebraska [Mr. BUTLER] have general pairs which heretofore have been announced and transferred.

The result was announced—yeas 31, nays 45, as follows:

YEAS—31

Austin	Hawkes	Shipstead
Ball	Hickenlooper	Smith
Brooks	Langer	Stanfill
Buck	Millikin	Taft
Bushfield	Morse	Vandenberg
Capehart	O'Daniel	Wherry
Capper	Overton	Wiley
Cordon	Reed	Wilson
Donnell	Revercomb	Young
Gurney	Robertson	
Hart	Saltonstall	

NAYS—45

Aiken	Hatch	Mead
Bankhead	Hayden	Mitchell
Barkley	Hoey	Murdock
Bilbo	Johnson, Colo.	Murray
Briggs	Johnston, S. C.	O'Mahoney
Byrd	Kilgore	Pepper
Carville	Knowland	Radcliffe
Connally	La Follette	Stewart
Downey	McCarran	Taylor
Ellender	McClellan	Thomas, Okla.
Fulbright	McFarland	Thomas, Utah
Gerry	McKellar	Tunnell
Gossett	McMahon	Wagner
Green	Magnuson	Walsh
Guffey	Maybank	Wheeler

NOT VOTING—20

Andrews	Ferguson	Myers
Bailey	George	Russell
Brewster	Glass	Tobey
Bridges	Hill	Tydings
Butler	Huffman	White
Chavez	Lucas	Willis
Eastland	Moore	

So Mr. CORDON's amendment was rejected.

The PRESIDENT pro tempore. The question now recurs on agreeing to the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

The PRESIDENT pro tempore. The question now is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed, and the bill was read the third time.

The PRESIDENT pro tempore. The bill having been read the third time, the question is, Shall it pass?

Mr. BARKLEY. Mr. President, on this question I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. BARKLEY. Mr. President, before the roll is called, I wish to say that yesterday, during the colloquy between the Senator from Louisiana [Mr. OVERTON] and myself, I stated that the American Federation of Labor has endorsed this legislation in its entirety. I have received a letter from Mr. Harry C. Bates, chairman of the housing committee of the American Federation of Labor. Attached to his letter he sends me a statement issued by the housing committee of the American Federation of Labor. The statement contains their recommendations with respect to this legislation, and in the statement they deal with various phases of the legislation, including the maximum resale prices on existing homes, priorities and allocations, and extension of emergency wartime FHA insurance under title VI, which is included in the bill, and various other provisions. I ask unanimous consent that the statement, together with Mr. Bates' letter, be printed at this point in the RECORD.

There being no objection, the letter and statement were ordered to be printed in the RECORD, as follows:

AMERICAN FEDERATION OF LABOR,
Washington, D. C., April 10, 1946.

Hon. ALBEN W. BARKLEY,
United States Senate,
Washington, D. C.

DEAR SENATOR BARKLEY: In the course of the debate on the veterans' emergency housing bill (H. R. 4761) you stated that the American Federation of Labor "has endorsed this legislation in its entirety." Attached is a copy of a statement setting forth the official views of the American Federation of Labor with regard to this legislation, calling for a number of important changes which we believe essential to protect the interests of the veterans and others against foisting on them high-priced, substandard housing which the present version of the bill would foster. Your efforts to perfect this legislation along the lines recommended will be appreciated.

Sincerely yours,

HARRY C. BATES,
Chairman, Housing Committee,
American Federation of Labor.

STATEMENT BY THE HOUSING COMMITTEE, AMERICAN FEDERATION OF LABOR, ON H. R. 4761 (THE PATMAN VETERAN HOUSING BILL) AS APPROVED BY THE SENATE BANKING AND CURRENCY COMMITTEE

In a letter to the President on February 8, 1946, the American Federation of Labor expressed its support of the veterans' emergency housing program and made certain recommendations regarding standards and procedures which this program should embody. A copy of that letter is attached.

The following is a statement of our views regarding the Patman bill (H. R. 4761) as approved by the Senate Banking and Currency Committee.

MAXIMUM RESALE PRICES ON EXISTING HOMES

The amendments of the Senate committee are directly in accord with the recommendation made by the A. F. of L. that control to prevent further inflation in the price of existing housing be accomplished by placing a ceiling on resale of residential properties, including land, after the first bona fide sale. While we consider the original version of the price control provisions, as proposed in the House in the Patman bill, too broad, general, and, therefore, administratively unworkable, we believe that with the Senate amendments this section becomes wholly acceptable and recommend its adoption in that form.

PRIORITIES AND ALLOCATIONS

Allocation of scarce building materials to assure construction of urgently needed housing was urged by the A. F. of L. nearly a year ago. Last summer and last fall we urged that the wartime limitation order on building materials be replaced with an allocation order which would assure orderly transition in the supply of scarce building materials. This advice was ignored by the Director of the Office of War Mobilization and Reconversion who directed the repeal of the wartime order without any affirmative action to meet the emergency. This has greatly contributed to the scramble for scarce materials and the resulting maldistribution of material supplies, has stimulated much speculative commercial building of small structures throughout the country, and has made the shortages more acute.

The provisions of the bill dealing with priorities and allocations of building materials are in accord with our previous recommendations. We believe, however, that in this portion of the legislation Congress should recognize that certain types of nonresidential construction are needed just as much as homes in order to meet the housing emergency itself and in order to speed reconversion. The proposed act contemplates construction of housing on a large scale. This means development of new neighborhoods and of whole housing projects. It will create an immediate need for new schools, hospitals, and other community facilities to serve this new housing development. Materials needed for utilities—water, sewage, streets, sidewalks, etc., must also be safeguarded. In addition, there will be continued urgent need for industrial construction related to reconversion. There will be many instances of such industrial construction related to reconversion which will bear directly on the expansion of production and employment. We doubt that it is the intent of Congress to assure needed homes to veterans and others, and at the same time deprive them of job opportunities and, therefore, incomes which would enable them to pay for these homes, by stopping industrial construction necessary for productive expansion. In view of this, we ask that statutory provision be made in the proposed system of priorities and allocations to give equal priority status to schools, hospitals, community facilities, industrial construction related to reconversion, and other necessary nonresidential building, in order to make this type of construction eligible for scarce materials without which it cannot be built.

EXTENSION OF EMERGENCY WARTIME FHA INSURANCE UNDER TITLE VI

The Patman bill would extend title VI of the National Housing Act and provides for a further increase in the maximum mortgage amounts insurable by FHA under that title. We reiterate our vigorous opposition to the extension of title VI and disagree strongly with Mr. Wyatt's view that this extension will in any way contribute to the solution of the housing emergency. We believe that the form in which this title is proposed will do nothing but fleece the veteran and the taxpayer by having the Federal Government underwrite mortgage loans at excessive interest rates for emergency-built homes of questionable quality, financed without any risk to the lender. What justification is there for a 4-percent interest rate when a 90-percent commitment by the Government gives the lender an effective 100-percent guarantee and renders the loan absolutely riskless? The committee itself admits that "it is more than likely that much of this housing under title VI will be priced at more than $6,000" and that "at least half of the veterans and their families cannot afford housing in this price range." Actually the proposed title raises the maximum price to $9,000 for a single family house. Most houses during the emergency will be priced near or at the maximum. There are almost no veterans who can afford $9,000 homes. Clearly, then, this provision is designed to benefit not the veteran but the speculative builder.

Titles III and IV of the Wagner-Ellender-Taft general housing bill, S. 1592, as introduced on November 14, 1945, provide a sound, effective, and well-designed program of bringing a large volume of rental housing, as well as sale housing, within the reach of veterans and other families of modest means. We urge that this peacetime extension of wartime title VI be stricken from the proposed bill, and that, instead, Congress give its prompt and unqualified approval to S. 1592.

PREMIUM PAYMENTS AND GOVERNMENT MARKETING

The American Federation of Labor could not support the Monroney amendment on premium payments which was considered and rejected by the House. We offered a number of specific objections to that amendment, which gave a blanket delegation of authority to the Housing Expediter for the disbursement of these incentive payments and set no minimum standards for the products to be produced with the aid of public funds. The Senate committee version meets most of our objections to the form of the Monroney amendment on premium payments which was considered and rejected by the House. The standards which the Housing Expediter must apply under section 13 (b) of the Senate committee version are in general accord with the recommendations of the American Federation of Labor. However, even in this form, the bill does not provide the safeguard which, we insist, is vital to the veterans and other home buyers. In return for special financial aid the Federal Government should require that minimum standards of durability, livability, and safety be met by the producers of homes receiving such aid. Sections 11 (a) (5) and 12 (a) (5) merely provide that materials produced and houses built with such aid be tested for sound quality, and, in the case of houses, for durability, livability, and safety. Nowhere in the bill is there a requirement that a minimum standard of quality of materials and of durability, livability, and safety of homes be met as a condition of financial aid and with proper provision for compliance. Nor is there a requirement that producers and builders receiving premium payments pay not less than the minimum wage standards prevailing in the locality.

Apart from this consideration, we have grave doubts regarding the soundness of the proposal to put the Government in the marketing business. Of all the problems surrounding the present crisis and likely to persist for some time, ready sale of available good homes is certainly not one. If it is contemplated that the Government is to market the homes it buys at a loss, such a double subsidy should be clearly spelled out in the statute and the intent of Congress with respect to it stated in unmistakable

terms. If the Congress does authorize the market-guaranty procedure, it is its clear duty to spell out specific minimum standards for the products it proposes the Government would be marketing. Without such specific standards the effect of the enactment would be to leave the marketing of good housing in private hands while making it the responsibility of the Government to act as an agent for dumping substandard homes, bearing the seal of the United States, upon the unsuspecting veteran.

It is the hope of the American Federation of Labor that H. R. 4761 may be perfected in accordance with the foregoing recommendations and that, with these changes, it will be promptly enacted into law.

HOUSING COMMITTEE,
AMERICAN FEDERATION OF LABOR,
HARRY C. BATES, *Chairman.*
BORIS SHISHKIN, *Secretary.*

Mr. WHERRY. Mr. President, a telegram has been sent to me by R. J. Gray, chairman of the executive council of the building trades department, and Herbert Rivers, secretary-treasurer of the building trades department. The telegram reads as follows:

APRIL 10, 1946.

Senator WHERRY,
United States Senate,
Washington, D. C.:

There appears on page 3351 of CONGRESSIONAL RECORD of April 9, 1946, the following statement made by Senator BARKLEY in addressing the Honorable Senator OVERTON: "Does the Senator from Louisiana realize that the American Federation of Labor, which contains within its membership practically all the building trades of the United States, has endorsed this legislation in its entirety?" We have this day wired Senator BARKLEY that he is mistaken in this statement that the building and construction trades department of the American Federation of Labor has not and does not endorse the proposed veterans housing legislation in its entirety. We are submitting to the Honorable Senator TAFT and Senator BARKLEY written statement of the position of the building and construction trades department on this bill signed by Harry C. Bates, chairman of the A. F. of L. housing committee.

R. J. GRAY,
Chairman, Executive Council Building Trades Department.
HERBERT RIVERS,
Secretary-Treasurer, Building Trades Department.

Mr. BARKLEY. Mr. President, I wish to say that I have not seen that telegram. Although it may be at my office, I have not seen it at all.

Mr. WHERRY. I have submitted it in order to clear the record.

Mr. BARKLEY. I do not object to that. But the colloquy to which reference has been made occurred yesterday under circumstances which all of us can remember, and I simply wished to put the American Federation of Labor on record as it wishes to be put on record.

The PRESIDENT pro tempore. The question is, Shall the bill pass. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BANKHEAD (when his name was called). I have a general pair with the senior Senator from Nebraska [Mr BUTLER]. Not knowing how he would vote, I transfer that pair to the Senator from Ohio [Mr. HUFFMAN], who, if present and voting, would vote as I intend to vote. I am therefore at liberty to vote. I vote "yea."

Mr. WALSH (when Mr. MYERS' name was called). I announce that the Senator from Pennsylvania [Mr. MYERS] is attending a meeting of the Board of Visitors at the Naval Academy in Annapolis. If present and voting, he would vote "yea."

The roll call was concluded.

Mr. BANKHEAD. My colleague, the junior Senator from Alabama, is absent on account of the death of his father. If present and voting, he would vote "yea."

Mr. BARKLEY. I announce that the Senator from North Carolina [Mr. BAILEY] and the Senator from Virginia [Mr. GLASS] are absent because of illness.

The Senator from Alabama [Mr. HILL], and the Senator from Ohio [Mr. HUFFMAN] are absent because of deaths in their families.

The Senator from Georgia [Mr. GEORGE] is absent by leave of the Senate.

The Senator from Florida [Mr. ANDREWS] and the Senator from Maryland [Mr. TYDINGS] are necessarily absent.

The Senator from Mississippi [Mr. EASTLAND], the Senator from Illinois [Mr. LUCAS], and the Senator from Georgia [Mr. RUSSELL] are detained on public business.

The Senator from New Mexico [Mr. CHAVEZ] is absent on official business.

I wish to announce further that, if present and voting, the Senator from Florida [Mr. ANDREWS], the Senator from North Carolina [Mr. BAILEY], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Mississippi [Mr. EASTLAND], the Senators from Georgia [Mr. GEORGE and Mr. RUSSELL], the Senator from Illinois [Mr. LUCAS], and the Senator from Maryland [Mr. TYDINGS] would vote "yea."

Mr. WHERRY. The Senator from Nebraska [Mr. BUTLER], the Senator from Oklahoma [Mr. MOORE], and the Senator from Indiana [Mr. WILLIS] are absent by leave of the Senate.

The Senator from New Hampshire [Mr. TOBEY] is absent on official business.

The Senator from Maine [Mr. BREWSTER] and the Senator from Michigan [Mr. FERGUSON] are necessarily absent.

The Senator from Nebraska [Mr. BUTLER] has a general pair which has been heretofore announced and transferred.

The Senator from Michigan [Mr. FERGUSON], the Senator from New Hampshire [Mr. TOBEY], and the Senator from Indiana [Mr. WILLIS] would vote "yea" if present.

The result was announced—yeas 63, nays 14, as follows:

YEAS—63

Aiken	Downey	Knowland
Austin	Ellender	La Follette
Bankhead	Fulbright	Langer
Barkley	Gerry	McCarran
Bilbo	Gossett	McClellan
Bridges	Green	McFarland
Briggs	Guffey	McKellar
Buck	Hart	McMahon
Byrd	Hatch	Magnuson
Capehart	Hayden	Maybank
Capper	Hoey	Mead
Carville	Johnson, Colo.	Mitchell
Connally	Johnston, S. C.	Morse
Donnell	Kilgore	Murdock
Murray	Smith	Tunnell
O'Mahoney	Stanfill	Vandenberg
Pepper	Stewart	Wagner
Radcliffe	Taft	Walsh
Reed	Taylor	Wheeler
Saltonstall	Thomas, Okla.	Wiley
Shipstead	Thomas, Utah	Young

NAYS—14

Ball	Hawkes	Revercomb
Brooks	Hickenlooper	Robertson
Bushfield	Millikin	Wherry
Cordon	O'Daniel	Wilson
Gurney	Overton	

NOT VOTING—19

Andrews	George	Russell
Bailey	Glass	Tobey
Brewster	Hill	Tydings
Butler	Huffman	White
Chavez	Lucas	Willis
Eastland	Moore	
Ferguson	Myers	

So the bill H. R. 4761 was passed.

The PRESIDENT pro tempore. The question now is on the amendment to the title as reported by the committee.

Mr. TAFT. Mr. President, I invite the attention of the majority leader to the fact that, in the first place, the words "and existing" and the words "and real estate" were stricken out of the bill, so the title does not conform to what the bill contains.

In the second place, the availability of housing should be stated at least as it is stated in section 1 of the bill. There the language reads:

> The long-term housing shortage and the war have combined to create an unprecedented emergency shortage of housing, particularly for veterans of World War II—

And so forth. I think the title of the act should be amended so as to read, in part, "An act to expedite the availability of housing, particularly for veterans of World War II."

Mr. BARKLEY. Mr. President, that would not be an appropriate title.

Mr. TAFT. Mr. President, I think the title should conform to what is stated in section 1. There the language reads "particularly for veterans." The words "and existing" and the words "and real estate" in the last line of the title should be stricken out.

Mr. BARKLEY. Mr. President, I do not believe that is essential. If there is any change to be made in the wording of the title, it can be done in conference.

Mr. TAFT. I wish to suggest to the Senator that the title contains the words, "by curbing excessive pricing of new and existing housing and real estate." We struck out all curbing of prices of existing housing, and all curbing of prices of real estate. Therefore, the words "and existing" and the words "and real estate" should be stricken out.

Mr. BARKLEY. The Senator is correct about the words "and existing" and the words "and real estate."

Mr. TAFT. I move that the words "and existing" and the words "and real estate" appearing in the last line of the title be stricken out.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Ohio to the amendment to the title.

The amendment to the amendment was agreed to.

Mr. TAFT. I myself believe that the word "particularly" should be inserted

in the second line of the title after the word "housing."

The PRESIDENT pro tempore. Without objection, the title will be amended so as to read: "An act to expedite the availability of housing for veterans of World War II by expediting the production and allocation of materials for housing purposes and by curbing excessive pricing of new housing, and for other purposes."

Mr. BARKLEY. Mr. President, I move that the Senate insist on its amendments, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to.

The PRESIDENT pro tempore. The conferees will be appointed later.

NATIONAL HOUSING POLICY

Mr. WAGNER. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1147, Senate bill 1592.

The PRESIDENT pro tempore. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (S. 1592) to establish a national housing policy and provide for its execution.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from New York.

The motion was agreed to; and the Senate proceeded to the consideration of Senate bill 1592 to establish a national housing policy and provide for its execution, which had been reported from the Committee on Banking and Currency with an amendment.

EXECUTIVE SESSION

Mr. BARKLEY. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. CONNALLY, from the Committee on Foreign Relations:

Maj. Gen. John H. Hilldring, United States Army, to be an Assistant Secretary of State;

George S. Messersmith, of Delaware, now Ambassador Extraordinary and Plenipotentiary to Mexico, to be Ambassador Extraordinary and Plenipotentiary to Argentina; and

Duane B. Lueders, of Minnesota, to be a foreign-service officer, unclassified, a vice consul of career, and a secretary in the diplomatic service.

By Mr. OVERTON, from the Committee on Commerce:

Capt. Thomas A. Shanley, United States Coast Guard, to be appointed a rear admiral for temporary service in the United States Coast Guard to rank from the 25th day of February 1946 while serving as district Coast Guard officer, Fifth Naval District, or in any other assignment for which the rank of rear admiral is authorized;

Capt. Louis W. Perkins, United States Coast Guard, to be appointed a commodore for temporary service in the United States Coast Guard to rank from the 16th day of March 1946, while serving as commander, North Atlantic Ocean Patrol, or in any other assignment for which the rank of commodore is justified;

Admiral Russell R. Waesche to be an admiral (retired) on the retired list of the United States Coast Guard;

Leo Otis Colbert, of the United States Coast and Geodetic Survey, to be Director of the Coast and Geodetic Survey for a term of 4 years, effective April 8, 1946;

Col. Edwin H. Marks, Corps of Engineers, for appointment as president, California Debris Commission, vice Brig. Gen. Philip G. Bruton, Corps of Engineers, to be relieved;

Rear Adm. Merlin O'Neill, United States Coast Guard, to be appointed a rear admiral for temporary service in the United States Coast Guard with date of rank as such from the 15th day of February 1946; and

Sundry employees of the Coast and Geodetic Survey to the position of aide with rank of ensign in the Coast and Geodetic Survey.

The PRESIDENT pro tempore. If there be no further reports of committees, the clerk will state the nominations on the Executive Calendar.

TREASURY DEPARTMENT

The Chief Clerk read the nomination of Edward H. Foley, Jr., to be Assistant Secretary of the Treasury.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

CUSTOMS SERVICE

The Chief Clerk read the nomination of Robert E. Noonan to be collector of customs, collection district No. 25.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Harry T. Foley to be surveyor of customs in customs collection district No. 10.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

SELECTIVE SERVICE SYSTEM

The Chief Clerk read the nomination of Milton E. Ballangee to be director of selective service for the Territory of Hawaii.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

THE ARMY

The Chief Clerk proceeded to read sundry nominations in the Army.

The PRESIDENT pro tempore. Without objection, the Army nominations are confirmed en bloc, and, without objection, the President will be notified at once of all confirmations of today.

INTER-AMERICAN COFFEE AGREEMENT

Mr. CONNALLY. Mr. President, I move that the Senate ratify the extension of the Inter-American coffee agreement on November 28, 1940, Executive A, which is now on the calendar. This is merely an extension of the coffee agreement we have had for a number of years, and it is very desirable that there be prompt action.

Mr. TAFT. Mr. President, I do not object to this treaty being set down for consideration, but I should like to make some remarks on it, and I am not ready at the moment. This is in direct violation of all the reciprocal trade proposals. It is in direct violation of the State Department's policy in the British loan regarding multilateral trade without quotas. It continues the quota arrangement as to coffee, and is completely inconsistent with everything else the department is urging us to do. I should like to have an opportunity to make a few remarks on the treaty. I had no notice it would come up today.

Mr. CONNALLY. If the Senator will get his remarks ready, I shall not push the matter now.

INTERNATIONAL SUGAR AGREEMENT

Mr. CONNALLY. Mr. President I ask that the Senate consider Executive B, a protocol dated in London, August 31, 1945, relating to the regulation, production, and marketing of sugar.

Mr. TAFT. Mr. President, I suggest that if the two treaties are coming up, we be given notice. One day is enough.

Mr. CONNALLY. They have been on the calendar for more than a month.

Mr. TAFT. I understand that, and for that reason they have slept on their rights, so to speak.

Mr. CONNALLY. If the Senator insists, I do not object.

Mr. TAFT. I have prepared some material, but I do not have it here with me.

Mr. CONNALLY. I serve notice that at the next executive session I shall move that these agreements be considered and ratified.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until tomorrow at 12 o'clock noon.

The motion was agreed to; and (at 5 o'clock and 52 minutes p. m.) the Senate took a recess until tomorrow, Thursday, April 11, 1946, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 10 (legislative day of March 5), 1946:

TREASURY DEPARTMENT

Edward H. Foley, Jr., to be Assistant Secretary of the Treasury.

CUSTOMS SERVICE

Robert E. Noonan to be collector of customs for customs collection district No. 25, with headquarters at San Diego, Calif.

Harry T. Foley to be surveyor of customs in customs collections district No. 10, with headquarters at New York, N. Y.

SELECTIVE SERVICE SYSTEM

Milton E. Ballangee to be director of selective service for the Territory of Hawaii, with compensation at the rate of $6,650 per annum.

IN THE ARMY

APPOINTMENTS IN THE REGULAR ARMY OF THE UNITED STATES

Generals of the Army in the Regular Army of the United States

George Catlett Marshall to be General of the Army in the Regular Army of the United States, with rank from December 16, 1944.

Douglas MacArthur to be General of the Army in the Regular Army of the United States, with rank from December 18, 1944.

Dwight David Eisenhower to be General of the Army in the Regular Army of the

United States, with rank from December 20, 1944.

Henry Harley Arnold to be General of the Army in the Regular Army of the United States, with rank from December 21, 1944.

TEMPORARY APPOINTMENT IN THE ARMY OF THE UNITED STATES

Martin Conrad Shallenberger to be a brigadier general.

HOUSE OF REPRESENTATIVES

WEDNESDAY, APRIL 10, 1946

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Master, the world's Saviour, Thou who remainest the same today and forever, we rejoice that Thy mercy never faileth. We pray Thee to cleanse our thoughts and purposes by the inspiration of Thy spirit, that we who take counsel for our Nation shall give the true perspective of our times. O keep us from running in self-chosen and self-pleasing ways and thus we shall maintain our rich estate—the mastery of life. We praise Thee for the heart-winning words of our Saviour, which would teach us the virtue of humility, the real nature and value of wealth, and the capacity to serve in public and in private life. Grant us the spirit of good will, devotion to the truth, the strength to do our work, and the courage to turn our words into deeds. In our labors dispel every shadow of self-seeking, that our hope in Thee may be free from the mark of distrust and the fear that dishonors Thee. We pray that Thy guiding radiance above us shall be a beacon to God, to love, and loyalty. Amen.

The Journal of the proceedings of yesterday was read and approved.

BOARD OF VISITORS—UNITED STATES MILITARY ACADEMY

The SPEAKER laid before the House the following communication:

APRIL 8, 1946.

Hon. SAM RAYBURN,
The Speaker,
House of Representatives,
Washington, D. C.

MY DEAR MR. SPEAKER: Under date of January 6, 1945, I notified you, pursuant to the provisions of the act approved May 17, 1928 (10 U. S. C. 1052a), of the names of the members of this committee I had designated as members of the Board of Visitors to the United States Military Academy for the Seventy-ninth Congress.

This is to advise that I have designated Hon. W. F. NORRELL, of Arkansas, to fill the vacancy resulting from the death of Hon. J. Buell Snyder.

Sincerely yours,
CLARENCE CANNON,
Chairman.

EXTENSION OF REMARKS

Mr. LANE asked and was given permission to extend his remarks in the Appendix of the RECORD and include a short address he made at a reception tendered to the French consul at Chelsea, Mass.

SPECIAL ORDER GRANTED

Mr. MADDEN. Mr. Speaker, I ask unanimous consent that today, after the disposition of business on the Speaker's desk and the conclusion of special orders heretofore entered, I may address the House for 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

EXTENSION OF REMARKS

Mr. OUTLAND (at the request of Mr. SAVAGE) was given permission to extend his remarks in the Appendix of the RECORD and include a statement from the National Planning Association entitled "America's Stake in the British Loan."

Mr. ELLIS asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial.

PERMISSION TO ADDRESS THE HOUSE

Mr. ELLIS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include a magazine article.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

[Mr. ELLIS addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mr. FARRINGTON asked and was given permission to extend his remarks in the Appendix of the RECORD and include an article from the United Press about Daniel Webster and Hawaii.

MORE BUNGLING

Mr. STIGLER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. STIGLER. Mr. Speaker, upon receiving information on March 1 that the Office of War Mobilization and Reconversion had allocated 10,000 tractors to UNRRA, I immediately dispatched a telegram to the Director protesting such action, and asking him to please advise if this information were true. Not having received an answer to my telegram, I dispatched another on March 18 reasserting my protest, and again called on him to advise me if such action had been taken.

On March 27 I received a very short letter in answer to my telegram of the 18th—nothing was said about the one on March 1—advising me that members of his staff were going into the matter and they would communicate with me in regard to it in the near future.

A few days thereafter I received a letter a little more in detail, advising me that—I quote:

The availability of tractors in the war-torn areas abroad will be an important factor in determining the amount of food which these areas can produce, and thus in lessening the danger of mass starvation overseas.

The quote is somewhat vague, but I assume the tractors were sold or given to UNRRA.

What about the farmers of America? And particularly the veteran? Here we are being called upon to feed the world and our veterans are clamoring for farm machinery and cannot get it. And yet, the over-generosity of some of our officials sanctions the sending of 10,000 tractors overseas.

Mr. Speaker, I know it has been estimated that there are 500,000,000 people in war-torn Europe and elsewhere on starvation. As one, I am willing to miss a meal each day so they may have food, but I was burned up when I read about a war veteran in the State of Washington offering to trade his Distinguished Service Cross for a priority on a tractor and cannot get one.

Think of it—all these tractors being sent to Europe and elsewhere, and our veterans going without.

I call this to the attention of the House in the hope that our Committee on Expenditures in the Executive Departments will correct this situation before it happens again.

EXTENSION OF REMARKS

Mr. RICH asked and was given permission to extend his remarks in the RECORD and insert an editorial from the Williamsport Gazette and Bulletin, entitled "The Land of the Free."

Mr. MCCORMACK asked and was given permission to extend his remarks in the RECORD and include an editorial appearing in the Boston Post of April 8, entitled "Truman's First Year."

Mr. RANKIN. Mr. Speaker, yesterday I secured unanimous consent to correct the RECORD to insert some material that was inadvertently left out of a speech which is printed in the RECORD of April 5 on the Tennessee-Tombigbee inland waterway. Since those items are rather lengthy, I ask unanimous consent to have the speech reprinted in the Appendix with those corrections.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

PHILIPPINE REHABILITATION ACT, 1946

Mr. BELL. Mr. Speaker, pursuant to the order made yesterday, I call up for immediate consideration the bill (S. 1610) to provide for the rehabilitation of the Philippine Islands, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Under the order made, the gentleman from Missouri is recognized for 30 minutes, and the gentleman from California [Mr. WELCH] is recognized for 30 minutes.

Mr. BELL. Mr. Speaker, I yield 5 minutes to the Commissioner from the Philippine Islands, General ROMULO.

Mr. ROMULO. Mr. Speaker, I want to express the gratitude of the people of the Philippines to the people of the United States for the legislation which is now before the House. This legislation, providing for the rehabilitation of